

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	KAMANI AT KEHALANI (PHASE 12)
Project Address	Off Oma'oma'o Street, Wailuku, Hawaii 96793
Registration Number	8325 (partial conversion)
Effective Date of Report	March 27, 2019
Developer(s)	HBT OF KEHALANI 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 ("HRS"), as amended from time to time. The law defines "material facts" as "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 ("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 the 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, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to immediately submit 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; however, a purchaser may have rights to cancel or rescind a sales contract under specific circumstances.

For all sales information, please contact the Developer and real estate broker on page 9.

Individuals with special needs may request this material by calling the State of Hawaii Real Estate Commission at 586-2644.

Special Attention - - Significant Matters

Use this page for special or significant matters which should be brought to the purchaser's attention. Subject Headings and page numbers where the subject is explained must 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 are 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.

This is a Condominium Project and not a subdivision. Although the Purchaser will own his/her Unit, the land upon which the entire Project is located will be owned in common by all of the Project's Unit Owners as a common element. The land is subject to certain encumbrances, including but not limited to waterline easements and kuleana water rights. Purchasers are encouraged to seek professional advice. A list of the encumbrances is also attached as Exhibit "F".

The Developer intends, but is not legally bound, to construct additional phases with Units in the "Future Phases Area" also referred to as Unit 139. The Developer has reserved an easement over and upon the Project as may be reasonably necessary for the completion of the development and construction of the Project and the correction of defects, if any, in the Project. The Developer has reserved the right, for itself and its successors and assigns to designate, locate, relocate and to grant to any public or governmental authority or other entity rights-of-way and other easements. The Developer has also reserved the right, for itself and its successors and assigns to create and construct new units, the right to reduce the size of the Project, the right to construct and/or merge projects, and the right to modify Unit 139. The Project in its entirety shall not exceed 138 units. See Exhibit "A" and the Declaration.

The Phase 1 Developer's Public Report (Register No. 7691) covered the first 10 units in the Project. The Phase 2 Developer's Public Report (Registration No. 7835) covered an additional 12 units in the Project. The Phase 3 Developer's Public Report (Registration No. 7882) covered an additional 12 units in the Project. The Phase 4 Developer's Public Report (Registration No. 7947) covered an additional 24 units in the Project. The Phase 5A Developer's Public Report (Registration No. 7985) covered an additional 12 units in the Project. The Phase 5B Developer's Public Report (Registration No. 8090) covered an additional 14 units in the Project. The Phase 6 Developer's Public Report (Registration No. 8050) covered an additional 10 units in the Project. The Phase 7 Developer's Public Report (Registration No. 8104) covered an additional 8 units in the Project. The Phase 8 Developer's Public Report (Registration No. 8123) covered an additional 12 units in the Project. The Phase 9 Developer's Public Report (Registration No. 8167) covered an additional 8 units in the Project. The Phase 10 Developer's Public Report (Registration No. 8199) covered an additional 8 units in the Project. The Phase 11 Developer's Public Report (Registration No. 8255) covered an additional 4 units in the Project. This Phase 12 Developer's Public Report covers an additional 4 units in the Project and is to be used for the sale thereof. Prospective purchasers are urged to read Exhibit 1 of Exhibit J (Disclosure Abstract) of this Developer's Public Report carefully and note that the Unit Maintenance fees and Budget were set as of February 20, 2019 and may increase.

Any additions and/or revisions to the Condominium Map will be filed with the Bureau of Conveyances, State of Hawaii, along with an Architect's/Engineer's Certification at the completion of the project.

Unit 1 and Unit 2 are newly constructed units. Unit 3 and Unit 4 are conversions of units built in July 2016. Unit 3 and Unit 4 were used as a sales office and a design center, however both units will be sold for residential use. Each unit will be sold with the same warranties provided by Developer. Unit 3 and Unit 4 appliances were installed in 2016 and the warranties covering such appliances will be set forth in the Sales Contract specific to Unit 3 and the Sales Contract specific to Unit 4.

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General Information on Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, HRS, 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.

For more general information on condominiums, please go to <http://www.hawaii.gov/hirec>. Contact the Hawaii Real Estate Commission's Condominium hot line at (808) 586-2644 from 9:00 AM to 3:00 PM, Monday through Friday. Contact the Developer and real estate broker on page 9 for any sales information.

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 that at first 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	Off Oma'oma'o Street, Wailuku, Hawaii 96793
Address of Project is expected to change because (describe)	Numbers and Street names will be assigned.
Tax Map Key (TMK)	(2) 3-5-001-090
Tax Map Key is expected to change because	CPR numbers will be assigned.
Land Area (square feet or acres)	16.757 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	2
Floors Per Building	2
Number of New Building(s)	2
Number of Converted Building(s)	0
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	Concrete, wood, composition shingle, glass

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
Ho'okipa (X)	0	3/2	1,425 sf	26 entry	142 lanai	2,096 sf
					493 garage	
Laule'a (Y)	0	3/2.5	1,465 sf	57 entry	159 lanai	2,046 sf
					359 garage	
Mau Loa (Z)	4	3/2.5	1,457 sf	40 entry	106 lanai	1,994 sf
					391 garage	
See Exhibit <u> B </u> .						

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

1.4 Parking Stalls

Total Parking Stalls in the Project:	8
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	2
Attach Exhibit _____ specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact, or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	

1.5 Boundaries of the Units

Boundaries of the unit: See Exhibit "B".

1.6 Permitted Alterations to the Units

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

1.7 Common Interest

<u>Common Interest</u> : Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by unit owners. The common interest for each unit in this project, as described in the Declaration, is:
Described in Exhibit _____.
As follows: Each apartment shall have an undivided 1/138 fractional interest.

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

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

1.9 Common Elements

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

Described in Exhibit D .

Described as follows:

Common Element	Number
Elevators	
Stairways	
Trash Chutes	

1.10 Limited Common Elements

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

Described in Exhibit E .

Described as follows:

1.11 Special Use Restrictions

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

<input checked="" type="checkbox"/>	Pets: Permitted with restrictions, among other things a reasonable number.
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: See Declaration, Bylaws and proposed House Rules generally.
<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 F describes the encumbrances against title contained in the title report described below.

Date of the title report: February 13, 2019

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					
	Zoning/Type of Use	No. of Units	Use Permitted by Zoning	Zoning District	No. of Spatial
<input checked="" type="checkbox"/>	Residential	4	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Apt. A-1	0
<input type="checkbox"/>	ADU/Ohana		<input type="checkbox"/> Yes <input type="checkbox"/> No		
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No		
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No		
<input type="checkbox"/>	Hotel/Resort		<input type="checkbox"/> Yes <input type="checkbox"/> No		
<input type="checkbox"/>	Timeshare		<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"/>	Preservation/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 <u> N </u> is a verified statement signed by an appropriate county official which states that either:</p>	
<p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> (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
Is the Declaration chapter 205, HRS, compliant?	<input type="checkbox"/> Yes <input 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: HBT OF KEHALANI LLC Business Address: 220 South King Street, Suite 960 Honolulu, Hawaii 96813 Business Phone Number : (808) 537-5976 E-mail Address:
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).	See attached list on pg 9a
2.2 Real Estate Broker*	Name: Towne Island Homes, Ltd Business Address: 220 South King Street, Suite 960 Honolulu, Hawaii 96813 Business Phone Number: (808) 537-5976 E-mail Address:
2.3 Escrow Depository*	Name: Title Guaranty Escrow Services, Inc. Business Address: 235 Queen Street, 1st Floor Honolulu, Hawaii 96813 Business Phone Number: (808) 521-0211
2.4 General Contractor	Name: Towne Realty of Hawaii, Inc. Business Address: 1765 Wili Pa Loop Wailuku, Hawaii 96793 Business Phone Number: (808) 537-5976
2.5 Condominium Managing Agent	Name: Hawaiiana Management Company, Ltd. Business Address: 711 Kapiolani Blvd, Suite 700 Honolulu, Hawaii 96813 Business Phone Number: (808) 593-9100
2.6 Attorney for Developer	Name: The Ing Law Firm Business Address: 2145 Wells Street, Suite 204 Wailuku, Hawaii 96793 Business Phone Number: (808) 242-4555

* If different units have different agents, attach an addendum as page 9a listing each unit's respective agents.

Towne Development of Hawaii, Inc. (Manager) - Officers and Directors

<u>Name</u>	<u>Title</u>
James D. Borris	President, Chief Executive Officer and Director
Christopher L. Lau	Executive Vice President
Lesli Lawton	Vice President
Brenda Ohlheiser	Vice President
William A. Wigchers	Vice President
James B. Young	Senior Vice President and Secretary
Stephan J. Chevalier	Vice President, Treasurer and Director
Robert E. Braun	Executive Vice President and Chief Financial Officer
Mark S. Madigan	Assistant Secretary
Sandra J. Delisle	Assistant Secretary
John K. Tsui	Chairman and Director
John W. Kersey	Director
Arthur W. Wigchers	Director

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), 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 4, 2015	A-56540654
Amendments to Declaration of Condominium Property Regime		
Land Court or Bureau of Conveyances	Date of Document	Document Number
See attached page 10a.		

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 4, 2015	A-5650655
Amendments to Bylaws of the Association of Unit Owners		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	April 7, 2016	A-59460063

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	5426
Dates of Recordation of Amendments to the Condominium Map:	
See attached page 10a.	

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	January 4, 2016	A-58500268
Bureau of Conveyances	April 7, 2016	A-59460062
Bureau of Conveyances	May 9, 2016	A-59830553
Bureau of Conveyances	August 1, 2016	A-60650293
Bureau of Conveyances	November 7, 2016	A-61630114
Bureau of Conveyances	February 23, 2017	A-62680155
Bureau of Conveyances	July 24, 2017	A-64230389
Bureau of Conveyances	September 29, 2017	A-64852016
Bureau of Conveyances	December 18, 2017	A-65610172
Bureau of Conveyances	January 22, 2018	A-66030470
Bureau of Conveyances	April 9, 2018	A-66820114
Bureau of Conveyances	June 18, 2018	A-67600073
Bureau of Conveyances	August 20, 2018	A-68150261
Bureau of Conveyances	December 12, 2018	A-69360513

Amendments to the Condominium Map

Land Court or Bureau of Conveyances	Date of Document
Bureau of Conveyances	July 18, 2015
Bureau of Conveyances	May 19, 2016
Bureau of Conveyances	August 9, 2016
Bureau of Conveyances	November 7, 2016
Bureau of Conveyances	February 28, 2017
Bureau of Conveyances	July 24, 2017
Bureau of Conveyances	October 3, 2017
Bureau of Conveyances	December 18, 2017
Bureau of Conveyances	January 29, 2018
Bureau of Conveyances	June 18, 2018
Bureau of Conveyances	August 20, 2018
Bureau of Conveyances	December 12, 2018

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"/>	<p>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:</p> <p>See Exhibit "A"</p>

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

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

4.2 Estimate of the Initial Maintenance Fees

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

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 type="checkbox"/>	Gas for the common elements
<input checked="" type="checkbox"/>	Water for the common elements
<input checked="" type="checkbox"/>	Sewer for the common elements
<input type="checkbox"/>	TV Cable
<input checked="" type="checkbox"/>	Other (specify): See Exhibit "J"

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

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

<input type="checkbox"/>	Specimen Sales Contract Exhibit <u> G </u> contains a summary of the pertinent provisions of the sales contract, including but not limited to any rights reserved by the Developer.
<input type="checkbox"/>	Escrow Agreement dated: March 11, 2015 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit <u> H </u> contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other:

5.2 Sales to Owner-Occupants

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

<input checked="" 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 <u> </u> .
<input checked="" type="checkbox"/>	Developer has or will designate the units for sale to Owner-Occupants by publication.

5.3 Blanket Liens

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

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

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	Buyer's contract will be subject to cancellation, Buyer may not be able to purchase the unit but all deposits will be returned to Buyer less escrow cancellation fee.

5.4 Construction Warranties

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

Building and Other Improvements:

Developer will convey each apartment by an Apartment Deed with a warranty of title. The Developer will provide a Home Builder's Limited Warranty, set forth on PWC Form No. 117 Rev and Exhibit "L".

Appliances:

Developer will assign to the buyers any manufacturer's warranty covering any appliances. The Developer will make no warranties, expressed or implied, about any appliances in the units.

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

Status of Construction:

Estimated completion is by December 31, 2020 for Unit 1 and Unit 2. Unit 3 and Unit 4 were completed in July 2016.

Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.

Completion Deadline for any unit not yet constructed, as set forth in the sales contract:

Two (2) years from the Effective Date of the sales contract subject to Developer's right to extend because of fire, earthquake, acts of God, the elements, war or civil disturbances, etc. Section 9 of Sales Contract.

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

Not applicable.

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, or 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>
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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 the Developer has met certain requirements, which are described below.

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

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

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

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

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

Box A	<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>
Box B	<p>The Developer has <u>not</u> submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, 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:
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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, 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

SEE EXHIBIT "K".

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. 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, belief, true, correct, and complete. The Developer hereby agrees to promptly 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.

HBT OF KEHALANI LLC

By TOWNE DEVELOPMENT OF HAWAII, INC. Its Manager

Printed Name of Developer



By:

Duly Authorized Signatory*

MAR 22 2019

Date

LESLI LAWTON, Vice President

Printed Name & Title of Person Signing Above

County Distribution:

Department of Finance, County of Maui

Planning Department, County of Maui

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

****In the event of multiple Developers, each Developer must sign on their own signature page.**

EXHIBIT "A"

DEVELOPER'S RESERVED RIGHTS

1. The Developer reserves an easement over and upon the Project as may be reasonably necessary for the completion of the development and construction of the Project and the correction of defects in the Project. (See Section 4.11 of the Declaration.)

2. The Developer reserves the right to conduct extensive sales activities on the Project for the sale of units in the Project, and for the sale of units in other projects developed by Developer on property located near or adjacent to the Project, including without limitation, the use of model units, sales and management offices, and extensive sales displays and activities until the date of the closing of the sale of the last unsold unit in the Project or in such other projects (see Section 4.12 of the Declaration).

3. The Developer reserves the right, for itself and its successors and assigns, at any time prior to December 31, 2029, or the three year anniversary date of Developer's conveyance of all of Developer's interest in the project, whichever date is later, to designate and to grant to any public or governmental authority or other entity rights-of-way and other easements which are for the sole benefit of the Project, for the benefit of lands located near or adjacent to the Project, or which do not materially and adversely interfere with the use, nor materially and adversely impair the value of the Project or any unit in it, over, across, under and through the common elements for lines and other transmission facilities and appurtenances for electricity, gas, telephone, water, sewer, drainage, and other public services and utilities, and rights to enter for the purpose of installing, repairing, altering and removing such lines and facilities and of trimming any trees in the way thereof; provided that in connection with the installation, maintenance, repair, alteration or removal of any such lines and facilities pursuant to rights-of-way and other easements granted hereunder, the Developer or its successors or assigns, as applicable, must require that the common elements be restored promptly at the expense of the party owning and exercising such easement right; provided, further, that the Association, through its Board of Directors, and with the consent and agreement of the holders of any then existing easements affected thereby, is authorized to grant, convey, transfer, cancel, relocate and otherwise deal with any and all such public services and utilities easements now or hereafter located on or affecting the Project without requiring any consideration therefor. To the extent that joinder of any unit owner and lien holder or other person who may have any interest in the Project, any unit or the land of the Project may be required in order to validate any act or thing done pursuant to the foregoing reservation, such joinder shall be accomplished by a power of attorney from each of the owners, lien holders or other such parties. The acquiring or acceptance of ownership in a unit or of a lien covering a unit or any other interest in the Project or the land of the Project shall constitute a grant of such power of attorney and the grant, being coupled with an interest, shall be irrevocable and shall not be affected by the disability of the party granting such power. (See Section 4.13 of the Declaration.)

4. The Developer reserves the right to amend the Declaration (see Section 21 of the Declaration), without the consent or joinder of the Association or the persons then owning or leasing the units or their mortgagees, to satisfy any requirement of the Department of Veterans' Affairs ("VA") or the Federal Housing Administration ("FHA") which the Developer deems necessary or convenient and to such extent and with such language as may be requested by the FHA, VA, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or by any federally chartered lending institution as a condition precedent to lending funds upon the security of a unit in the Project.

5. The Developer reserves the right to create and add additional units to the Project. Section 22 of the Declaration states as follows:

SECTION 22. RESERVED RIGHT TO CREATE AND CONSTRUCT NEW UNITS.

Section 22.1. Reserved Right to Create New Units. Notwithstanding any other provision in this Declaration to the contrary, Declarant hereby reserves the right, but shall not be obligated, at any time and from time to time up to but not later than December 31, 2029 or the three (3) year anniversary date of the conveyance of Declarant's remaining interests in the Project, whichever date is last, to create and construct New Units as Declarant may desire on the Land (including without limitation the Private Yard appurtenant to Unit No. 139) and to designate limited common elements appurtenant to the New Units; provided, however, that the total number of Units in the Project shall not exceed one hundred thirty-eight (138). Declarant further reserves the right to construct the same buildings, Unit types, common elements or limited common elements as described in this Declaration or to modify and/or add different building and Unit types, common elements and/or limited common elements. Declarant may exercise its reserved rights contained in this Section 22 separately or together with its reserved rights in Sections 23, 24 and/or 25 of this Declaration.

Section 22.2. Construction of New Units. Declarant hereby reserves for itself and its employees, consultants, agents, contractors and subcontractors, and their respective employees, agents and subcontractors, the right, and an easement in favor of Declarant and its employees, consultants, agents, contractors and subcontractors, and their respective employees, agents and subcontractors is hereby granted, at any time and from time to time up to, but not later than December 31, 2029 or the three (3) year anniversary date of the conveyance of Declarant's remaining interests in the Project, whichever date is last, to enter and go upon the Land and the common elements to do all things reasonably necessary, desirable or useful for designing, developing, constructing or completing any New Units, connecting the same to the utility installations of the Project, and selling any New Units, upon and subject to the following terms and conditions;

(a) Any New Units shall be constructed in accordance with plans and specifications prepared by a licensed architect or engineer and, with respect to quality of construction, shall be consistent with the Project in terms of quality of construction.

(b) Declarant shall have the right to designate, delete, relocate, realign, reserve, and to grant easements and rights-of-way for the use of any New Units over, across, under and through the common elements of the Project for electrical, gas, telephone, water, sanitary and storm sewers, cesspools, drainage, cable television, refuse collection and other public services and utilities and rights to enter for the purpose of installing, repairing, altering and removing such lines and facilities and of trimming any trees in the way thereof; provided, that such easements and rights-of-way do not materially and adversely interfere with the use, nor materially and adversely impair the value, of the Project or any Unit in it; provided further that in connection with the installation, maintenance, repair, alteration, or removal of such lines and facilities pursuant to rights-of-way and other easements granted hereunder, Declarant must require that the common elements be restored promptly at the expense of the parties owning and exercising such easement rights.

(c) Declarant, its employees, consultants, agents, contractors and subcontractors, and their respective employees, agents and subcontractors, shall not, in the construction of any New Units, cause any interruption other than a temporary interruption in the service of utilities to the Project and shall use reasonable efforts, without additional cost to Declarant and consistent with maintaining the progress of the

design, development, construction, completion and sale of the New Units, to minimize interference with the Owners' use and enjoyment of the Project.

(d) Each and every person acquiring an interest in any Unit of the Project acknowledges, accepts and agrees that construction and sales activities for the New Units may continue within the Project, as well as on other land located near or adjacent to the Project, after such person has taken occupancy or after such person has acquired such person's interest, that such activities may result in noise, dust or other annoyances to such person, as well as hazards and potentially dangerous conditions, and such person agrees to stay out of any areas that are under development or construction or being used for sales activities and which are fenced or posted to exclude, restrict or otherwise control access; and also waives, releases and discharges any rights, claims or actions such person may have or acquire against Declarant, its lenders, consultants, contractors and subcontractors, and their respective employees, agents and subcontractors, as a result of any such activities or any failure to stay out of such restricted areas, and does further hereby waive any rights, claims or actions that such person may have or acquire against Declarant, its lenders, consultants, contractors, subcontractors, and theft respective employees, agents and subcontractors as a result of any such activities.

(e) Declarant, its brokers, sales agents, employees and other related persons, shall have an easement over the common elements of the Project, to conduct sales activities with respect to any New Units. This right shall include, without limitation, showing the New Units to potential purchasers, operating model units, sales and sales administration offices, conducting lotteries at the Project for the sale of the New Units, and placing signs or banners at the Project. Each and every party acquiring an interest in the Project hereby acknowledges that such activities may result in noise and nuisances, and consents to such activities by Declarant, its brokers, sales agents, employees and other related persons, and further waives, releases and discharges any rights, claims or actions such person may acquire against Declarant, its brokers, sales agents, employees and other related persons, as a result of any such activities. Notwithstanding the foregoing, Declarant is under no obligation by the terms hereof to construct any New Units.

Section 22.3. Consequences of the Addition of New Units.

(a) Effective Date. The addition of the New Units to the Project shall take effect upon the occurrence of all of the following conditions:

(i) Recordation in the Recording Office by Declarant of an amendment of this Declaration, which shall contain:

(A) The revised description of the Land, if applicable;

(B) The revised description of the Units that shall comprise the Project including the number of each type of Unit; and

(C) If applicable, the revised common interest appurtenant to each Unit as a result of the change in the total number of Units. The common interest appurtenant to each New Unit in the Project shall be 1/138.

(ii) Recordation in the Recording Office by Declarant of an amendment of the Condominium Map to reflect the revised layout of the Project with a

certification by a Hawaii registered architect or professional engineer, in the manner required by Section 514B-34 of the Act, that the plans previously filed for the Project or being filed simultaneously with such certificate, accurately depict the layout, location, Unit numbers, dimensions and elevations of the buildings containing the New Units, as filed with and approved by the County of Maui officer having jurisdiction over the issuance of permits for the construction of buildings.

(iii) Such other matters as Declarant deems necessary or appropriate or as are required by law to effectuate the change in the size of the Project.

(b) Amended Declaration and Bylaws. Declarant expressly reserves the right, without being required to obtain the consent or joinder of the Association, any Owner, lienholder, or any other person who may have an interest in the Project, at any time or times up to, but not later than December 31, 2029 or the three (3) year anniversary date of the conveyance of Declarant's remaining interests in the Project, whichever date is last, to execute, deliver and file or record:

(i) any amendment to this Declaration, the Bylaws and/or the Condominium Map to describe any changes to the number and types of Units or the common elements or the common interest appurtenant to any Unit, notwithstanding the lease, sale, conveyance or mortgaging of any or all of the Units in the Project;

(ii) any such amendment to this Declaration, the Bylaws, and/or the Condominium Map and to such Unit deeds as may have been issued, and any and all other instruments necessary or convenient for the purpose of carrying out the provisions or exercising the rights, powers, or privileges reserved in this Section 22 to Declarant; and

(iii) any amendment to any previously recorded Unit deed or any other previously recorded instrument to describe any changes to the Units or common elements or the common interest appurtenant to any Unit or to carry out the provisions or exercise the rights, powers, or privileges reserved in this Section 22 to Declarant.

(c) Declarant's Certificate. Upon completion of construction of all the buildings containing the New Units, Declarant shall issue a written certificate certifying the following:

(i) That the New Units have been substantially completed;

(ii) That a notice of completion for each new building has been filed;

(iii) That the County of Maui has completed the final inspection of all buildings containing the New Units;

(iv) That the period for filing of mechanics' and materialmen's liens has expired or, if not expired, that Declarant has obtained a title policy insuring against all such liens or Declarant has guaranteed the payment of all liens which may be filed prior to the expiration of the period; and

(v) That all real property taxes and assessments due from the New Units and for which Declarant is liable have been paid as of the date of the certification.

(d) Architect's Certificate. Upon completion of construction of all the buildings containing the New Units, Declarant shall record in the Recording Office an amendment of this Declaration and, if appropriate, the Condominium Map to reflect the revised layout of the Project, with a certification by a Hawaii registered architect or professional engineer, in the manner required by Section 514B-34 of the Act, that the plans previously filed for the Project or being filed simultaneously with such certificate, accurately depict the layout, location, Unit numbers, dimensions and elevations of the buildings of the Project, as built.

(e) Board of Directors. Notwithstanding any provision in any document, within 60 days following the filing or recording of the necessary documents to effect the addition of the New Units, a special meeting of the Association shall be held to elect a new Board of Directors to replace the existing Board of Directors. The procedure for calling and holding such meeting shall be as provided in the Bylaws. During the 60-day interim period the existing Board of Directors shall have all authority to conduct the affairs of the Association.

Section 22.4. Costs. Declarant shall pay all costs of creating and constructing the New Units and adding the New Units to the Project. Declarant shall be the owner of the New Units and shall have no responsibility to account to the Association, the other Owners or any mortgagees, lien holders or any person with an interest in a Unit with respect to the use of common elements used by Declarant in creation of the New Units.

Section 22.5. Reserved Rights and Power of Attorney. Declarant may exercise its reserved rights set forth in this Section 22 without being required to obtain the approval, consent or joinder of any person or group of persons, including, without limitation, the Association, any Owner, mortgagee, lien holder or any other person who may have an interest in any Unit or in the Project. Every Owner and all holders of mortgages or liens affecting any of the Units of the Project and each and every other party acquiring an interest in the Project, or any part thereof, by acquiring any such Unit, mortgage, lien or other interest, consent and agree to the creation, construction and addition of any New Units provided for in this Section 22, to the amendment of this Declaration, the Bylaws, the Condominium Map and any Unit deeds, and to all other documents that may be required and to the filing or recording thereof in the Recording Office to effect the same; agrees to join in, consent to, execute, deliver and file or record all such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints Declarant such party's attorney-in-fact with full power of substitution to execute, deliver and file or record all such documents and instruments and to do such things on such party's 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; and which grant of such power shall be binding upon any assignee of or successor-in-interest to any such party and shall be deemed to be automatically granted anew by any assignee or successor-in-interest of such party upon any transfer of a Unit in the Project or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

Section 22.6. Covenants Running With the Land. The rights reserved to Declarant in this Section 22 shall be covenants running with the land and shall inure to the benefit of and be binding upon Declarant and its successors and assigns, the Association and each Owner or any mortgagee, lien holder or any other person with an interest in the Project or any Unit and their respective heirs, personal representatives, successors, successors in trust and assigns. Declarant shall have the right to transfer,

assign, hypothecate, mortgage or otherwise dispose of such reserved rights without the consent or approval of the Association, any Owner or any lien holder or any other person who may have an interest in the Project or any Unit.

The rights reserved to Declarant in this Section 22 may not be impaired or affected by any amendment to this Declaration, except as may be specifically provided in this Section 22 and only with the prior written consent of Declarant.

6. The Developer reserves the right to reduce the size of the Project by subdividing the land of the Project and withdrawing a portion of the land from the Project and/or removing Unit No. 139 and its appurtenant limited common elements from the Project. Section 23 of the Declaration states as follows:

SECTION 23. RESERVED RIGHT TO REDUCE THE SIZE OF THE PROJECT.

Section 23.1. Reserved Right to Reduce the Size of the Project. Notwithstanding any other provision in this Declaration to the contrary, Declarant, its successors and assigns, hereby reserves the right, but shall not be obligated, to reduce the size of the Project by subdividing and withdrawing from the operation of this Declaration all or any portion of the Future Phases Area and, without limiting the generality of the foregoing, by removing Unit No. 139 and the limited common elements appurtenant to Unit No. 139 and the common elements associated therewith from the Project which right shall be exercisable at any time and from time to time up to but not later than December 31, 2029 or the three (3) year anniversary date of the conveyance of Declarant's remaining interests in the Project, whichever date is last. Declarant may exercise its reserved rights contained in this Section 23 separately or together with its reserved rights in Sections 22, 24 and/or 25 of this Declaration.

Section 23.2. Entry Upon Land. Declarant hereby reserves to itself and its consultants, contractors, subcontractors and their respective employees, agents and subcontractors the right to enter and go upon the Land to do all things necessary to effectuate the reduction of the size of the Project, the subdivision and withdrawal of the Withdrawn Land, and the removal of Unit No. 139, including without limitation making surveys to undertake a reasonable realignment of the boundaries of the Land, the Phase I Area or the Future Phases Area (it being understood that Declarant 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, sanitary and storm sewers, cable television, refuse disposal, driveways, parking areas and roadways, and of all other required easements. The reduction of the size of the Project, the subdivision and withdrawal of the Future Phases Area or any portion thereof, and the removal of Unit No. 139 shall be subject to, and Declarant shall comply with all of the then applicable governmental laws and rules and regulations, including subdivision requirements.

Section 23.3. Easements. In connection with the exercise of its right to reduce the size of the Project Declarant hereby reserves the right at its expense and for the benefit of the Project and/or the Future Phases Area and/or other adjoining or nearby lands to (i) grant, reserve, add, delete, receive, realign and/or relocate over, across and under the Phase I Area and/or the Future Phases Area, as appropriate, easements and/or rights of ways for utilities, cesspools, sanitary and storm sewers, cesspools, drainage, cable television, refuse collection, 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 Phase I Area and/or the Future Phases Area, as appropriate, including, without limitation, any existing utilities, sanitary and storm sewer lines, cesspools, drainage lines, and cable television lines and connect the same over,

across and under the Phase I Area and/or the Future Phases Area, provided that such easements and such relocations and connections of lines shall not materially and adversely impair or interfere with the use of any Unit in the Project.

Section 23.4. Consequences of Reduction of the Size of the Project.

(a) Effective Date. The reduction of the size of the Project shall take effect upon the occurrence of all of the following conditions:

(i) The subdivision of all or a part of the Land.

(ii) Recordation in the Recording Office by the Declarant of an amendment of this Declaration, which shall contain:

(A) Withdrawal of the Withdrawn Land from the operation of this Declaration;

(B) The revised description of the Land of the Project;

(C) The revised description of the Units that shall comprise the Project including the number of each type of Unit; and

(D) The revised common interest appurtenant to each Unit as a result of the reduction in the total number of Units. The common interest appurtenant to each Unit in the reduced Project shall be recalculated to equal a fraction the numerator of which shall be the number 1 and the denominator of which shall be the total number of Units in the Project. In the event the common interests appurtenant to the Units must be expressed as a percentage rather than a fraction, Declarant shall have the right to round and/or adjust the common interests in any manner, up or down, so that each common interest will be reflected as a number having no more than five digits following the decimal point and so that the sum of the common interests of all Units in the merged Project shall total one hundred percent (100%).

(iii) Such other matters as the Declarant deems necessary or appropriate or as are required by law to effectuate the reduction in the size of the Project.

(b) Amended Declaration and Bylaws. Declarant expressly reserves the right, without being required to obtain the consent or joinder of the Association, any Owner, lienholder, or any other person who may have an interest in the Project, at any time or times up to, but not later than December 31, 2029 or the three (3) year anniversary date of the conveyance of Declarant's remaining interests in the Project, whichever date is last, to execute, deliver and file or record:

(i) any amendment to this Declaration, the Bylaws and/or the Condominium Map to describe any changes to the Land, the number and types of Units, the common elements or the common interest appurtenant to any Unit, notwithstanding the lease, sale, conveyance or mortgaging of any or all of the Units in the Project;

(ii) any such amendment to this Declaration, the Bylaws, and/or the Condominium Map and to such Unit deeds as may have been issued, and any

and all other instruments necessary or convenient for the purpose of carrying out the provisions or exercising the rights, powers, or privileges reserved in this Section 23 to Declarant; and

(iii) any amendment to any previously recorded Unit deed or any other previously recorded instrument to describe any changes to the Land, the Units, the common elements or the common interest appurtenant to any Unit or to carry out the provisions or exercise the rights, powers, or privileges reserved in this Section 23 to Declarant.

Section 23.5. Consent. Upon each exercise of said reserved rights to reduce the size of the Project and to subdivide and withdraw, Declarant shall, at Declarant's expense and without being required to obtain the consent or joinder of the Association, any Owner, mortgagee, lienholder, or any other person who may have an interest in the Project or any Unit, execute and file or record in the Recording Office an amendment to this Declaration and the Condominium Map: (i) describing the reduced Project and any Improvements on the Land; (ii) describing the realigned boundaries of the Land; (iii) describing the revised common interest appurtenant to each Unit in the reduced Project; (iv) where applicable and appropriate, granting, reserving or relocating easements over, under and on the common elements as permitted by Section 23.3 above, and (v) describing any other effect or consequence related to the reduction in the size of the Project.

Each and every party acquiring an interest in the Project, by such acquisition, consents to the reduction in the size of the Project and the subdivisions and withdrawals provided for in this Section 23, the change in the common interest appurtenant to each Unit in the Project, the granting, reserving or relocation of easements and/or rights of ways as provided herein, and to the amendment or amendments of this Declaration, the Bylaws, the Condominium Map and any Unit deeds, and the filing or recording thereof in the Recording Office to effect the same; agrees to join in, consent to, execute, deliver and file or record such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints Declarant and its assigns such party's attorney-in-fact with full power of substitution to execute, deliver and file or record such documents and instruments and to do such things on such party's 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 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 a Unit in the Project or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

Section 23.6. No Limitation on Withdrawn Land. The exercise by Declarant of the right to subdivide and withdraw all or any portion of the Land and to remove Unit No. 139 provided in this Section 23 shall not in any way limit or be deemed to limit Declarant's full use of the Withdrawn Land upon withdrawal, including further subdivision or consolidation of the Withdrawn Land, developing the Withdrawn Land and constructing thereon any houses, units, affordable housing, condominium or other buildings and structures permitted by the governmental laws and ordinances then in effect. Notwithstanding any reduction in the size of the Project or such subdivision and withdrawal contemplated herein, Declarant will retain the reserved right to construct any New Units or additional condominium project(s) on the Withdrawn Land and to annex and merge any such New Units or additional condominium project(s) with the Project in accordance with the procedures set forth in Section 24 of this Declaration.

Section 23.7. Costs. Declarant shall pay all costs of reducing the size of the Project and subdividing the Land and removing Unit No. 139 and/or the Withdrawn Land from the Project. Declarant shall be the owner of Unit No. 139 and the Withdrawn Land and shall have no responsibility to account to the Association, the other Owners or any mortgagees, lien holders or any person with an interest in a Unit with respect to the use by Declarant of Unit No. 139 or the Withdrawn Land.

Section 23.8. Reserved Rights and Power of Attorney. Declarant may exercise its reserved rights set forth in this Section 23 without being required to obtain the approval, consent or joinder of any person or group of persons, including, without limitation, the Association, any Owner, mortgagee, lien holder or any other person who may have an interest in any Unit or in the Project. Every Owner and all holders of mortgages or liens affecting any of the Units of the Project and each and every other party acquiring an interest in the Project, or any part thereof, by acquiring any such Unit, mortgage, lien or other interest, consent and agree to the reduction in the size of the Project and the subdivision and withdrawal of the Withdrawn Land and the removal of Unit No. 139 from the Project provided for in this Section 23, to the amendment of this Declaration, the Bylaws, the Condominium Map and any Unit deeds, and to all other documents that may be required and to the filing or recording thereof in the Recording Office to effect the same; agrees to join in, consent to, execute, deliver and file or record all such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints Declarant such party's attorney-in-fact with full power of substitution to execute, deliver and file or record all such documents and instruments and to do such things on such party's 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; and which grant of such power shall be binding upon any assignee of or successor-in-interest to any such party and shall be deemed to be automatically granted anew by any assignee or successor-in-interest of such party upon any transfer of a Unit in the Project or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

Section 23.9. Covenants Running With the Land. The rights reserved to Declarant in this Section 23 shall be covenants running with the land and shall inure to the benefit of and be binding upon Declarant and its successors and assigns, the Association and each Owner or any mortgagee, lien holder or any other person with an interest in the Project or any Unit and their respective heirs, personal representatives, successors, successors in trust and assigns. Declarant shall have the right to transfer, assign, hypothecate, mortgage or otherwise dispose of such reserved rights without the consent or approval of the Association, any Owner or any lien holder or any other person who may have an interest in the Project or any Unit.

The rights reserved to Declarant in this Section 23 may not be impaired or affected by any amendment to this Declaration, except as may be specifically provided in this Section 23 and only with the prior written consent of Declarant.

7. The Developer reserves the right to develop and construct additional condominium project(s) on land withdrawn from the Project pursuant to Section 23 of the Declaration and to merge such additional condominium project(s) with the Project. Section 24 of the Declaration states as follows:

**SECTION 24. RESERVED RIGHTS TO CONSTRUCT AND MERGE
CONDOMINIUM PROJECT(S) DEVELOPED ON THE WITHDRAWN LAND.**

Section 24.1. Reserved Right to Develop Condominium Project(s). Notwithstanding any other provision in this Declaration to the contrary, Declarant hereby

reserves the right, but shall not be obligated, at any time and from time to time up to, but not later than December 31, 2029 or the three (3) year anniversary date of the conveyance of Declarant's remaining interests in the Project, whichever date is last, after the withdrawal of the Withdrawn Land pursuant to the provisions of Section 23 above, to develop such additional condominium project(s) as Declarant may desire, to the extent permitted by applicable law, on the Withdrawn Land, Declarant further reserves the right to execute and file or record declaration(s) of condominium property regime (herein referred to as "declaration"), bylaws of association(s) of unit owners ("bylaws"), and condominium map(s) to create any additional condominium project(s) on the Withdrawn Land. Declarant may exercise its reserved rights contained in this Section 24 separately or together with its reserved rights in Sections 22, 23 and/or 25 of this Declaration.

Section 24.2. Development of Additional Projects. Declarant hereby reserves for itself and its employees, consultants, agents, contractors and subcontractors, and their respective employees, agents and subcontractors, the right, and an easement in favor of Declarant and its employees, consultants, agents, contractors and subcontractors, and their respective employees, agents and subcontractors is hereby granted at any time, and from time to time up to, but not later than December 31, 2029 or the three (3) year anniversary date of the conveyance of Declarant's remaining interests in the Project, whichever date is last, to enter upon and use the common elements of the Project and to engage in certain activities described herein reasonably necessary, desirable or useful for creating, designing, developing, constructing or completing any additional condominium project(s) located on the Withdrawn Land, connecting the same to the utility installations of the Project, and selling the units contained within said additional condominium project(s), upon and subject to the following terms and conditions:

(a) Any additional condominium project shall be constructed in accordance with plans and specifications prepared by a licensed architect or engineer and, with respect to quality of construction, shall be consistent with the Project in terms of quality of construction.

(b) Declarant shall have the right to construct the same buildings, unit types, common elements or limited common elements as described in this Declaration or to modify and/or add building and unit types, common elements and limited common elements to any additional condominium project.

(c) Declarant shall have the right to grant easements and rights-of-way for the use of any additional condominium project over and across the roads of the Project for ingress to and egress from such additional condominium project.

(d) Declarant shall have the right to designate, delete, relocate, realign, reserve, and to grant easements and rights-of-way for the use by any additional condominium project over, across, under and through the common elements of the Project for electrical, gas, telephone, water, sanitary and storm sewers, cesspools, drainage, cable television, refuse collection and other public services and utilities and rights to enter for the purpose of installing, repairing, altering and removing such lines and facilities and of trimming any trees in the way thereof; provided, that such easements and rights-of-way do not materially and adversely interfere with the use, nor materially and adversely impair the value of the Project or any Unit in it; provided further that in connection with the installation, maintenance, repair, alteration, or removal of such lines and facilities pursuant to rights-of-way and other easements granted hereunder, Declarant must require that the common elements be restored promptly at the expense of the parties owning and exercising such easement rights.

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

(f) Each and every person acquiring an interest in any Unit of the Project acknowledges, accepts and agrees that construction and sales activities for the Project and/or for any additional condominium project(s) may continue within the Land and/or the Withdrawn Land as well as on other land located near or adjacent to the Project, after such person has taken occupancy or after such person has acquired such person's interest, that such activities may result in noise, dust or other annoyances to him/her, as well as hazards and potentially dangerous conditions, and such person agrees to stay out of any areas that are under development or construction or being used for sales activities and which are fenced or posted to exclude, restrict or otherwise control access; and also waives, releases and discharges any rights, claims or actions he may acquire against Declarant, its lenders, employees, consultants, agents, contractors and subcontractors and their respective employees, agents and subcontractors, as a result of any such activities or any failure to stay out of such restricted areas, and does further hereby waive any rights, claims or actions that such person may have or acquire against Declarant, its lenders, employees, consultants, agents, contractors, subcontractors and their respective employees, agents and subcontractors as a result of such activities.

(g) Declarant, its brokers, sales agents, employees and other related persons shall have an easement over the Land and any common elements of the Project, to conduct sales activities with respect to any Unit developed on the Land or the Withdrawn Land. This right shall include, without limitation, showing the Project to potential purchasers, operating model Units, sales and sales administration offices, conducting lotteries at the Project for the sale of Units, and placing signs or banners at the Project. Each and every party acquiring an interest in the Project hereby acknowledges that such activities may result in noise and nuisances, and consents to such activities by Declarant, its brokers, sales agents, employees and other related persons, and further waives, releases and discharges any rights, claims or actions such person may acquire against Declarant, its brokers, sales agents, employees and other related persons as a result of any such activities.

Section 24.3. Merger and Consequences of Merger. Declarant reserves the right, but shall not be obligated, at any time or times up to, but not later than December 31, 2029 or the three (3) year anniversary date of the conveyance of Declarant's remaining interests in the Project, whichever date is last, to merge the Project and any additional condominium project developed on the Withdrawn Land as though the projects had been developed as a single project; provided, however, that the total number of Units in the merged Project shall not exceed one hundred thirty-eight (138). Each such merger shall take effect with respect to a particular condominium project upon the occurrence of all of the following conditions with respect thereto:

(a) Recordation in the Recording Office by Declarant of a declaration covering the additional condominium project in a form substantially similar hereto (except for the descriptions of Units, the common elements and the common interest appurtenant to each Unit and except for such matters as may be required to conform to any amendments of the Act enacted subsequent to the recordation hereof), bylaws of the association of unit owners in a form substantially similar to the Bylaws, and a

condominium map depicting the plot and floor plans and elevations of the additional condominium project, all complying with the requirements of the Act; and

(b) Recordation in the Recording Office by Declarant of a "Certificate of Merger", which certificate shall contain:

(i) A certification by a Hawaii registered architect or professional engineer, in the manner required by Section 514B-34 of the Act, that the plans previously filed for the condominium projects being merged, or being filed simultaneously with such certificate, accurately depict the layout, location, Unit numbers, dimensions and elevations of the Units of the condominium projects being merged, as built;

(ii) A certification by Declarant that the additional condominium project has been substantially completed, that a notice of completion has been filed for all new buildings, and that the period for filing of mechanics' and materialmen's liens has expired or, if not expired, that Declarant has obtained a title policy insuring against all such liens or Declarant has guaranteed the payment of all liens which may be filed prior to the expiration of the period;

(iii) A certification by Declarant that the County of Maui has completed the final inspection of all buildings in the additional condominium project;

(iv) A certification by Declarant that all real property taxes and assessments due from the additional condominium project being merged and for which Declarant is liable have been paid as of the date of the certification;

(v) The revised common interest of each Unit of the merged Project after completion of the merger of the Project with the additional condominium project; and

(vi) Such other matters as Declarant deems necessary or appropriate or as are required by law to effectuate the merger of the condominium projects and/or the operation of the merged Project as a single condominium project.

Declarant expressly reserves the right to file or record in the Recording Office, without the consent or joinder of the Association, any Owner, mortgagee, lienholder, or any other person who may have an interest in any Unit or the Project, a Certificate of Merger, any amendment to this Declaration, the Bylaws and/or the Condominium Map, and any amendment to the declaration, bylaws and/or condominium map for any additional condominium project being merged to describe any changes to the Units or common elements therein described at any time or times up to, but not later than December 31, 2029 or the three (3) year anniversary date of the conveyance of Declarant's remaining interests in the Project, whichever date is last, notwithstanding the lease, sale or conveyance of any or all of the Units in any of the projects being merged, and Declarant may execute, deliver and file or record any such Certificate of Merger, any amendment to this Declaration, the Bylaws and/or the Condominium Map, any amendment to the declaration, bylaws and/or the condominium map for any additional condominium project, any amendment to such Unit deeds as may have been issued, and any and all other instruments necessary or convenient for the purpose of carrying out the provisions or exercising the rights, powers, or privileges herein reserved to Declarant. Each and every party acquiring an interest in the Project by such acquisition, consents to all such mergers of the Project with such additional condominium project(s), and to the

execution, delivery and filing or recording of such documents as may be necessary or convenient to effect the same.

Section 24.4. Consequences of Merger. Declarant is under no obligation by the terms hereof to develop any condominium project in addition to this Project or to merge any additional condominium project with this Project. If Declarant should, however, in its sole discretion, elect to develop any additional condominium project(s) and to merge the same with this Project, then, from and after the date of the recordation of said Certificate of Merger with respect to the Project and the additional condominium project(s), the following consequences shall ensue:

(a) Condominium Documentation. Unless and until Declarant exercises its right to record one amended declaration and bylaws to govern all of the merged Project as provided for in Section 24.5 below, this Declaration, the Bylaws and the House Rules promulgated thereunder, and any declaration, bylaws and house rules pertaining to any additional condominium project shall continue in effect and shall continue to apply to the respective projects, provided that in any event of conflict, the provisions of this Declaration, the Bylaws, and the House Rules promulgated thereunder shall control. All rights reserved in favor of Declarant set forth in this Declaration shall apply to the merged Project to the same extent as though the merged condominium projects had been developed initially as a single project.

(b) Ownership of Units. Except to the extent that the same may have been previously conveyed by Declarant, Declarant shall for all purposes be deemed the Owner of the newly merged Units and the common interest and other rights and easements appurtenant to such Units prior to and from the time the merger takes effect until the Units have been conveyed to other parties.

(c) Use of Common Elements. The owners of units in each of the merged Project shall have the right to use the common elements in each condominium project to the same extent and subject to the same limitations as are imposed upon an owner of a unit in each condominium project as though the merged condominium projects had been developed initially as a single condominium project.

(d) Common Interests. The common interest appurtenant to each Unit in the merged Project shall be as follows:

(i) If Unit No. 139 has not been removed pursuant to Section 23 above or subdivided pursuant to Section 25 below, the common interest appurtenant to each Unit in the merged Project, other than Unit No. 139, shall be 1/138, and the common interest appurtenant to Unit No. 139 shall be equal to a fraction the numerator of which shall be equal to the number 138 less the number of Units in the merged Project excluding Unit No. 139 and the denominator of which shall be the number 138. For example, if there are 60 Units, including Unit No. 139, in the merged Project, the common interest appurtenant to Unit No. 139 shall be 79/138 (138-59=79) and the common interest appurtenant to each of the other Units in the merged Project shall be 1/138; or

(ii) If Unit No. 139 has been removed pursuant to Section 23 above or subdivided pursuant to Section 25 below, the common interest appurtenant to each Unit in the merged Project shall be equal to a fraction the numerator of which shall be the number 1 and the denominator of which shall be the number of Units in the merged Project.

In the event the common interests appurtenant to the Units must be expressed as a percentage rather than a fraction, Declarant shall have the right to round and/or adjust the common interests in any manner, up or down, so that each common interest will be reflected as a number having no more than five digits following the decimal point and so that the sum of the common interests of all Units in the merged Project shall total one hundred percent (100%).

Each Unit's common interest shall constitute such Unit's proportionate share in the common elements, profits and common expenses of the merged Project following the merger, and such Unit's proportionate representation for all other purposes, including voting in the merged Project; provided, however, that the units in any new condominium project being merged into the Project shall not be assessed nor shall they have any obligation with respect to debts or obligations that are incurred for the exclusive benefit of the Project and that are incurred prior to the recordation in the Recording Office of the Certificate of Merger merging the condominium projects, all such debts or obligations not being "common expenses" of the merged condominium project, but rather, obligations of the owners of Units in the Project prior to the merger.

(e) Association and Board of Directors. There shall be only one association of Unit Owners, one board of directors, one managing agent (if any) and one (except as provided in Section 24.4(d) above) common fund, in the manner provided for in the Bylaws. Any contract for the Managing Agent shall provide: (i) that the Managing Agent shall act for the merged Project on the same terms and conditions and for the same or lesser fee per Unit; and (ii) that if at the time of any merger and the filing or recording of the necessary documents to effect the same, the Managing Agent should be unable or unwilling to act as the managing agent for the merged Project, such contract shall automatically terminate; provided however that the Managing Agent shall continue in its capacity as the managing agent for such period, not exceeding 60 days, as determined in the sole discretion of the Board of Directors to be necessary to effect an orderly transition of duties and authority to the new managing agent.

Notwithstanding any provision in any document, within 60 days following each merger and the filing or recording of the necessary documents to effect the same, a special meeting of the single association of the merged Project shall be held to elect a new board of directors to replace the existing board(s) of directors. The procedure for calling and holding such meeting shall be as provided in the Bylaws. During the 60-day interim period the existing boards of directors of the condominium projects that have been merged shall have full authority to conduct the affairs of their respective associations of Unit owners.

(f) Name of Merged Project. The merged Project shall take the name "Kamani at Kehalani".

Section 24.5. Amended Declaration and Bylaws Covering Merged Projects. After completion of the merger of the Project with an additional condominium project, Declarant shall have the irrevocable right, but shall not be obligated, to amend the declaration, bylaws and house rules for each condominium project in their entirety so that there shall be one amended declaration, bylaws and house rules for the merged Project for the purpose of setting forth a consolidated description of the land, buildings, Units, common elements, limited common elements and common interests of the Project following the merger, and of incorporating into such amended declaration, bylaws and house rules any statutory requirements enacted subsequent to the recordation of this Declaration and the Bylaws of the Project, without materially changing the form or content of this Declaration and the Bylaws. After the last additional condominium project is

merged with the Project, the amended declaration may omit the provisions of this Section 24.

Section 24.6. Costs. Declarant shall pay all costs of constructing and merging any condominium projects developed on the Withdrawn Land. Declarant shall be the owner of any new condominium projects and the Units created on the Withdrawn Land and shall have no responsibility to account to the Association, the other Owners or any mortgagees, lien holders or any person with an interest in a Unit with respect to the use of the Withdrawn Land by Declarant in creation of any new condominium project.

Section 24.7. Reserved Rights and Power of Attorney. Declarant may exercise any of its reserved rights set forth in this Section 24 without being required to obtain the approval, consent or joinder of any person or group of persons, including, without limitation, the Association, any Owner, mortgagee, lien holder or any other person who may have an interest in any Unit or in the Project. Every Owner and all holders of mortgages or liens affecting any of the Units of the Project and each and every other party acquiring an interest in the Project, or any part thereof, by acquiring any such Unit, mortgage, lien or other interest, consent and agree to (and they shall, if required by law or by Declarant, join in, consent to, execute, deliver and file) the following: (i) all instruments and documents necessary or convenient to effect the creation of any additional condominium projects as provided for in this Section 24, including without limitation the execution, delivery and filing or recording of a separate declaration, bylaws and condominium map therefor and/or an amendment to this Declaration, the Bylaws and the Condominium Map for the Project; (ii) all instruments and documents necessary or convenient to effect the granting of easements and/or rights-of-way as provided for in this Section 24; (iii) all instruments and documents as may be necessary or convenient to effect the merger of the Project with any additional condominium project(s) including but not limited to, a Certificate of Merger, an amendment of the declaration of each project to be merged and/or an amended declaration covering the merged Project, and amendments of previously recorded Unit deeds or other previously recorded instruments, and which Certificate of Merger, amendment of the declaration and/or amended declaration, and amendments of Unit deeds or other instruments shall change the common interest appurtenant to each Unit in the merged project as provided for in this Section 24; and (iv) any and all other instruments and documents as may be necessary or convenient to effectuate any other reserved rights in favor of Declarant provided for in this Section 24. The Association and each Owner, lien holder and other person having any interest in any Unit or in the Project hereby appoint Declarant its attorney-in-fact with full power of substitution to execute, deliver and file such documents and to do such things on their 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; and which grant of such power shall be binding upon any assignee of or successor-in-interest to any such party and shall be deemed to be automatically granted anew by any assignee or successor-in-interest upon the transfer of any such Unit, lien or interest, whether by deed, mortgage, or any other instrument of conveyance.

Section 24.8. Covenants Running With the Land. The rights reserved to Declarant in this Section 24 shall be covenants running with the land and shall inure to the benefit of and be binding upon Declarant and its successors and assigns, the Association and each Owner or any mortgagee, lien holder or any other person with an interest in the Project or any Unit and their respective heirs, personal representatives, successors, successors in trust and assigns. Declarant shall have the right to transfer, assign, hypothecate, mortgage or otherwise dispose of such reserved rights without the consent or approval of the Association, any Owner or any lien holder or any other person who may have an interest in the Project or any Unit.

The rights reserved to Declarant in this Section 24 may not be impaired or affected by any amendment to this Declaration, except as may be specifically provided in this Section 24 and only with the prior written consent of Declarant.

8. The Developer reserves the right to modify Unit No. 139 by adding additional buildings or improvements and/or subdividing Unit No. 139 into two or more units. Section 25 of the Declaration states as follows:

SECTION 25. RESERVED RIGHT TO MODIFY UNIT NO. 139.

Section 25.1. Reserved Right to Modify Model Unit. Notwithstanding any other provision in this Declaration to the contrary, Declarant hereby reserves the right, but shall not be obligated, at any time and from time to time, up to, but not later than December 31, 2029 or the three (3) year anniversary date of the conveyance of Declarant's remaining interests in the Project, whichever date is last, without obtaining the approval of any party with an interest in the Project, including any other Owner and/or mortgagee, to (i) add additional buildings and improvements to Unit No. 139, and/or (ii) cause the subdivision of Unit No. 139 to create two or more New Units provided that the total common interest appurtenant to such New Units shall equal the common interest appurtenant to Unit No. 139 and shall be allocated among the newly-created apartments at the Declarant's sole discretion and to adjust the Private Yard appurtenant to each such New Unit. Declarant may exercise its reserved rights contained in this Section 25 separately or together with its reserved rights in Sections 22, 23 and/or 24 of this Declaration.

Section 25.2. Construction of Additional Improvements. Declarant hereby reserves for itself and its employees, consultants, agents, contractors and subcontractors, and their respective employees, agents and subcontractors, the right, and an easement in favor of Declarant and its employees, consultants, agents, contractors and subcontractors, and their respective employees, agents and subcontractors is hereby granted, at any time and from time to time up to, but not later than December 31, 2029 or the three (3) year anniversary date of the conveyance of Declarant's remaining interests in the Project, whichever date is last, to enter and go upon the Land and the common elements to do all things reasonably necessary, desirable or useful for designing, constructing or completing any additional buildings or improvements as part of Unit No. 139, and connecting the same to the utility installations of the Project, upon and subject to the following terms and conditions:

(a) Any additional buildings and improvements shall be constructed in accordance with plans and specifications prepared by a licensed architect or engineer and, with respect to quality of construction, shall be consistent with the Project in terms of quality of construction.

(b) Declarant shall have the right to designate, delete, relocate, realign, reserve, and to grant easements and rights-of-way for the use of Unit No. 139 over, across, under and through the common elements of the Project for electrical, gas, telephone, water, sanitary and storm sewers, cesspools, drainage, cable television, refuse collection and other public services and utilities and rights to enter for the purpose of installing, repairing, altering and removing such lines and facilities and of trimming any trees in the way thereof provided, that such easements and rights-of-way do not materially and adversely interfere with the use, nor materially and adversely impair the value, of the Project or any Unit in it; provided further that in connection with the installation, maintenance, repair, alteration, or removal of such lines and facilities pursuant to rights-of-way and other easements granted hereunder, Declarant must require that the common

elements be restored promptly at the expense of the parties owning and exercising such easement rights.

(c) Declarant, its employees, consultants, agents, contractors and subcontractors, and their respective employees, agents and subcontractors, shall not, in the construction of any additional buildings or improvements, cause any interruption other than a temporary interruption in the service of utilities to the Project and shall use reasonable efforts, without additional cost to Declarant and consistent with maintaining the progress of the design, construction and completion of the additional buildings or improvements, to minimize interference with the Owners' use and enjoyment of the Project.

(d) Each and every person acquiring an interest in any Unit of the Project acknowledges, accepts and agrees that construction of any additional buildings or improvements as part of Unit No. 139 may continue within the Project, as well as on other land located near or adjacent to the Project, after such person has taken occupancy or after such person has acquired such person's interest that such activities may result in noise, dust or other annoyances to such person, as well as hazards and potentially dangerous conditions, and such person agrees to stay out of any areas that are under development or construction or being used for sales activities and which are fenced or posted to exclude, restrict or otherwise control access; and also waives, releases and discharges any rights, claims or actions such person may have or acquire against Declarant, its lenders, consultants, contractors and subcontractors, and their respective employees, agents and subcontractors, as a result of any such activities or any failure to stay out of such restricted areas, and does further hereby waive any rights, claims or actions that such person may have or acquire against Declarant, its lenders, consultants, contractors, subcontractors, and their respective employees, agents and subcontractors as a result of any such activities.

(e) Upon completion of any additional buildings or improvements, Declarant shall record in the Recording Office an amendment of this Declaration, which shall contain:

(i) The revised description of Unit No. 139;

(ii) An amendment of the Condominium Map to reflect the revised layout of Unit No. 139 with a certification by a Hawaii registered architect or professional engineer, in the manner required by Section 514B-34 of the Act, that the plans previously filed for the Project or being filed simultaneously with such certificate, accurately depict the layout, location, dimensions and elevations of the buildings comprising Unit No. 139, as built; and

(iii) Such other matters as Declarant deems necessary or appropriate or as are required by law to effectuate the construction of the additional buildings and improvements as part of Unit No. 139.

Notwithstanding the foregoing, Declarant is under no obligation by the terms hereof to construct any additional buildings or improvements as part of Unit No. 139.

Section 25.3. Consequence of the Subdivision of Unit No. 139.

(a) Effective Date. The subdivision of Unit No. 139 and the addition of the New Units to the Project shall take effect upon the occurrence of all of the following conditions:

(i) Recordation in the Recording Office by Declarant of an amendment of this Declaration, which shall contain:

(A) The revised description of the Units that shall comprise the Project including the number of each type of Unit; and

(B) If applicable, the revised common interest appurtenant to each Unit as a result of the change in the total number of Units. The common interest appurtenant to each Unit in the Project shall be 1/138. In the event the common interests appurtenant to the Units must be expressed as a percentage rather than a fraction, Declarant shall have the right to round and/or adjust the common interests in any manner, up or down, so that each common interest will be reflected as a number having no more than five digits following the decimal point and so that the sum of the common interests of all Units in the Project shall total one hundred percent (100%).

(C) An amendment to the Condominium Map for the Units being subdivided or created to show an amended floor plan, as necessary, together with a verified statement of registered architect, professional engineer, or surveyor in the manner required by Section 514B-34 of the Act, that the Condominium Map, as so amended, is an accurate copy of portions of the plans of the altered Units 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 Units.

(ii) Upon completion of construction of the buildings containing the New Units, Declaration shall record in the Recording Office an amendment of the Declaration and, if appropriate, the Condominium Map to reflect the revised layout of the Project with a certification by a Hawaii registered architect, professional engineer, or surveyor in the manner required by Section 514B-34 of the Act, that the plans previously filed for the Project or being filed simultaneously with such certificate, accurately depict the layout, location, Unit numbers, dimensions and elevations of the Units of the Project, as built.

(iii) A certification by Declarant of the following:

(A) That the final inspection of construction for each building formerly comprising Unit No. 139 has been completed by the County of Maui; and

(B) That all real property taxes and assessments due from the New Units created from Unit No. 139 and for which Declarant is liable have been paid as of the date of the certification.

(iv) Such other matters as Declarant deems necessary or appropriate or as are required by law to effectuate the change in the size of the Project.

(b) Amended Declaration and Bylaws. Declarant expressly reserves the right, without being required to obtain the consent or joinder of the Association, any Owner, lienholder, or any other person who may have an interest in the Project, at any time or times up to, but not later than December 31, 2029 or the three (3) year anniversary date

of the conveyance of Declarant's remaining interests in the Project, whichever date is last, to execute, deliver and file or record:

(i) any amendment to this Declaration, the Bylaws and/or the Condominium Map to describe any changes to the number and types of Units, the common elements, the limited common elements appurtenant to any Unit or the common interest appurtenant to any Unit, notwithstanding the lease, sale, conveyance or mortgaging of any or all of the Units in the Project;

(ii) any such amendment to this Declaration, the Bylaws, and/or the Condominium Map and to such Unit deeds as may have been issued, and any and all other instruments necessary or convenient for the purpose of carrying out the provisions or exercising the rights, powers, or privileges reserved in this Section 25 to Declarant; and

(iii) any amendment to any previously recorded Unit deed or any other previously recorded instrument to describe any changes to the Units or common elements or the common interest appurtenant to any Unit or to carry out the provisions or exercise the rights, powers, or privileges reserved in this Section 25 to Declarant.

Section 25.3. Costs. Declarant shall pay all costs of subdividing Unit No. 139 and adding the New Units to the Project. Declarant shall be the owner of the New Units and shall have no responsibility to account to the Association, the other Owners or any mortgagees, lien holders or any person with an interest in a Unit with respect to the use of common elements used by Declarant in the subdivision of Unit No. 139 and the creation of the New Units.

Section 25.4. Reserved Rights and Power of Attorney. Declarant may exercise its reserved rights set forth in this Section 25 without being required to obtain the approval, consent or joinder of any person or group of persons, including, without limitation, the Association, any Owner, mortgagee, lien holder or any other person who may have an interest in any Unit or in the Project. Every Owner and all holders of mortgages or liens affecting any of the Units of the Project and each and every other party acquiring an interest in the Project, or any part thereof, by acquiring any such Unit, mortgage, lien or other interest, consent and agree to the creation and addition of additional buildings and improvements to Unit No. 139 and any New Units provided for in this Section 25, to the amendment of this Declaration, the Bylaws, the Condominium Map and any Unit deeds, and to all other documents that may be required and to the filing or recording thereof in the Recording Office to effect the same; agrees to join in, consent to, execute, deliver and file or record all such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints Declarant such party's attorney-in-fact with full power of substitution to execute, deliver and file or record all such documents and instruments and to do such things on such party's 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; and which grant of such power shall be binding upon any assignee of or successor-in-interest to any such party and shall be deemed to be automatically granted anew by any assignee or successor-in-interest of such party upon any transfer of a Unit in the Project or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

Section 25.5. Covenants Running With the Land. The rights reserved to Declarant in this Section 25 shall be covenants running with the land and shall inure to the benefit of and be binding upon Declarant and its successors and assigns, the Association and each Owner or any mortgagee, lien holder or any other person with an

interest in the Project or any Unit and their respective heirs, personal representatives, successors, successors in trust and assigns. Declarant shall have the right to transfer, assign, hypothecate, mortgage or otherwise dispose of such reserved rights without the consent or approval of the Association, any Owner or any lien holder or any other person who may have an interest in the Project or any Unit.

The rights reserved to Declarant in this Section 25 may not be impaired or affected by any amendment to this Declaration, except as may be specifically provided in this Section 25 and only with the prior written consent of Declarant.

9. The Developer reserves the right to amend the Declaration (see Section 26 of the Declaration), without the consent or joinder of the Association or the persons then owning or leasing the units or their mortgagees, as follows:

a. From time to time, after completion of construction of the buildings of the Project, pursuant to the provisions of Section 514B-34, Hawaii Revised Statutes, as applicable, to record verified statements of a registered architect, professional engineer or licensed surveyor certifying that the final plans of the buildings theretofore filed or being filed simultaneously with such amendments fully and accurately depict the layout, location, unit numbers and dimensions of the units as built.

b. To make changes to the Project and to amend the Declaration and the Condominium Map in any manner, as long as the Developer owns all of the units in the Project.

c. To change the number of each type of unit in the Project; provided, however, that this right shall apply only to units that are not yet built or are owned by the Developer.

d. To make changes to the Project and the Project drawings and/or specifications; provided that such changes do not violate applicable laws and codes and do not constitute a material change to any unit not owned by the Developer.

EXHIBIT "B"

UNITS

Unit Types

<u>Ho'okipa Type X</u>
None.
<u>Laule'a Type Y</u>
None.
<u>Mau Loa Type Z</u>
Unit Nos. 1, 2, 3, 4.

Boundaries of Units

Each unit is a duplex unit and shall not be deemed to include any pipes, wires, cables, conduits or other utility or service lines running through either unit in a building which are utilized for or serve the other unit in the building, the same being deemed common elements as provided below. Each unit shall be deemed to include the portion of the common wall between the two units in a building that is a part of the unit, the exterior surfaces of the perimeter walls (other than the common wall) of the unit, all doors and door frames, all windows and window frames, all floors, ceilings, walls and partitions within its perimeter walls, the portion of the roof of the building covering the unit, the bottom surface of the portion of the foundation of the building under the unit and/or the footings of the unit, as applicable, and any lanais, entry areas, eaves, gutters, downspouts and railings attached to and a part of the unit. The portion of the common wall between the two units in each building from the interior decorated or finished surface of the common wall to the centerline on the horizontal of the common wall shall be a part of each unit. Each unit includes a garage with two (2) parking spaces.

Attached is a copy of the amended Condominium Map, page G-0.1, reflecting Phase 12 within the Project.

EXHIBIT "C"

PERMITTED ALTERATIONS TO UNITS

Section 15 of the Declaration provides as follows:

Section 15.1. Alteration of Buildings. Except as otherwise provided by applicable law or this Declaration, restoration or replacement of any of the Improvements different in any material respect from the Condominium Map, or the construction of any additional building, or any material addition to or alteration of the Project, or the excavation of any basement or cellar shall be undertaken by the Association or any Owner only pursuant to an amendment of this Declaration, duly executed by or pursuant to a vote or the written consent of the percentage of Owners required by the Act and in accordance with complete plans and specifications therefor first approved in writing by the Board and the Kehalani Community Association Modifications Committee (pursuant to the Master Declaration), and promptly upon completion of such restoration, replacement, construction, alteration or addition the Association shall record such amendment in the Recording Office together with a complete set of floor plans and elevations, as applicable, of the Project as so altered, certified as built by a registered architect, professional engineer or licensed surveyor; PROVIDED, HOWEVER, that the Owner(s) of the two Units in a building, at their expense, may remove or alter the common wall between the two Units with the written approval by the institutional holders of mortgages covering such Units (if the mortgagees require such approval), provided that the structural integrity of the building is not affected by such removal or alteration and the Owner(s) provide written notice to the Board of such removal or alteration. If, subsequent to such removal or alteration, ownership of one or both of the Units is transferred, then the Owner(s) of the Units, at their expense, shall restore the common wall to its original condition prior to the transfer of ownership unless the new Owner(s) accept the common wall in its altered condition. The Owner(s) of the Units shall provide written notice to the Board if the common wall is restored to its original condition.

Section 15.2. Nonmaterial Alterations. Subject to the provisions of this Declaration, nonmaterial additions to or alterations of the common elements or Units, including, without limitation, the installation of solar energy devices, or additions to or alterations of a Unit made within the Unit or within a limited common element appurtenant to and for the exclusive use of the Unit, shall require the approval only by the Board, which shall not unreasonably withhold such approval, the Kehalani Community Association Modifications Committee (pursuant to the Master Declaration), and all other Owners thereby directly affected (as determined by said Board).

The phrase "nonmaterial additions and alterations" shall mean an addition to or alteration of the common elements or a Unit that does not jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement, detract from the appearance of the Project, interfere with or deprive any nonconsenting Owner of the use or enjoyment of any part of the Project, or directly affect any nonconsenting Owner.

The phrase "solar energy device" shall mean any new identifiable facility, equipment, apparatus, or the like which makes use of solar energy for heating, cooling, or reducing the use of other types of energy dependent upon fossil fuel for its generation; provided that if the equipment sold cannot be used as a solar device without its incorporation with other equipment, it shall be installed in place and be ready to be made operational in order to qualify as a "solar energy device".

Section 15.3. Building Permits. The Association or Owner(s), as applicable, shall obtain any required building permits and governmental approvals for any construction, restoration or replacement, and shall observe all applicable laws and building setback lines.

EXHIBIT "D"

COMMON ELEMENTS

1. The land of the project in fee simple.
2. All yards, grounds, landscaping, planters, fences and walls, if any.
3. All roads, parking areas, sidewalks, walkways and portions of driveways that are not part of a Private Yard under and surrounding a unit.
4. All street lights;
5. All mailboxes.
6. All air conditioning equipment located on the grounds or in the walls of the buildings of the project.
7. All pipes, wires, cables, ditches, conduits, ducts, water meters, electrical equipment, and other central and appurtenant transmission facilities and installations over, under and across the project which serve more than one unit for services such as power, light, gas, water, sewer, storm drainage, telephone and television signal distribution, if any.
8. Any and all other apparatus and installations of common use and all other parts of the project necessary or convenient to its existence, maintenance and safety, or normally in common use.

NOTE: No photo-voltaic solar system will be installed or included as part of the units being sold by the Developer.

EXHIBIT "E"

LIMITED COMMON ELEMENTS

1. The lanai(s) adjoining each unit, as shown on the Condominium Map, shall be appurtenant to and for the exclusive use of such unit.

2. The entry area adjoining each unit, as shown on the Condominium Map, shall be appurtenant to and for the exclusive use of such unit.

3. The Private Yards under and surrounding each of the units, including without limitation any walkways, uncovered concrete slabs, walkways and driveways, as shown on the Condominium Map, and any trees, shall be appurtenant to the respective units, but excluding any water line, sewer line or drain line and ditches located on, in or under such Private Yards that serves more than one unit or the common elements. The Private Yards are not legally subdivided lots and the boundary lines between adjoining Private Yards and a Private Yard and the common elements are not intended and should not be construed to be property lines of legally subdivided lots.

Upon completion of the Project the Declarant will submit a Certification of Administrative Merger along with a certification of Condominium Map to reflect the final layout of the Project in the manner required by Section 514B-34 of the Act, to certify that the plans previously filed for the Project or being filed simultaneously with such certificate, accurately depict the layout, location, Unit numbers, dimensions and elevations of the buildings, as filed with and approved by the County of Maui officer having jurisdiction over the issuance of permits for the construction of buildings. Said Condominium Map may include the metes and bounds description with square footage and/or other further detail of the boundaries of the Limited Common Elements appurtenant to each Unit, i.e. private yards. Declarant reserves the right to enter the Limited Common Elements for the purposes of measuring, staking and delineating such Limited Common Elements.

4. The water lines, sewer lines or drain lines located in or under the Private Yard of a unit which serve only that unit shall be appurtenant to such unit.

5. The water lines, sewer lines or drain lines located in or under the Private Yard of a unit which serve only the building(s) in which the unit is located shall be appurtenant to the units in such building(s).

6. Any wall and/or fence or any portion of any wall and/or fence located within a Private Yard shall be appurtenant to and for the exclusive use of the unit to which the Private Yard is appurtenant; excluding, however, any wall and/or fence located on or along the boundary between two adjoining Private Yards as described in paragraph 6 below.

7. Any wall and/or fence located on or along the boundary between two adjoining Private Yards shall be appurtenant to and for the exclusive use of the units to which the Private Yards are appurtenant, notwithstanding that the wall and/or fence, or any portion of such wall and/or fence, may be located within one of the Private Yards.

8. Any wall and/or fence or any portion of any wall and/or fence located on or along the boundary between a Private Yard and a common element shall be appurtenant to and for the exclusive use of the unit to which the Private Yard is appurtenant, notwithstanding that the wall and/or fence, or any portion of such wall and/or fence, may be located within the common element.

9. One (1) mailbox shall be appurtenant to and for the exclusive use of each unit.

10. Any air conditioning equipment serving a unit but located on or in the common elements shall be appurtenant to and for the exclusive use of such unit.

11. Any solar panel and related piping and equipment that is a part of a solar water heater and is located on the roof of a building shall be appurtenant to and for the exclusive use of the unit served by such solar panel, subject to the approval of the Association.

12. Any photo-voltaic solar panel and related piping and equipment that is part of a photo-voltaic system and is located on the roof of a building shall be appurtenant to and for the exclusive use of the unit served by such solar panel, subject to the approval of the Association.

NOTE: No photo-voltaic solar system will be installed or included as part of the units being sold by the Developer.

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

The following are the encumbrances against title to the land of the Project, identified as Tax Map Key No. (2) 3-5-001-090.

1. For Real Property taxes that may be due and owing reference is made to the Office of the Tax Assessor, County of Maui. The Project is covered by Tax Key (2) 3-5-001-090, with Units assigned C.P.R. Nos. as set forth in Exhibit "1" attached hereto.
2. Reservation in favor of the State of Hawaii of all mineral and water rights.
3. Grant to County of Maui dated October 4, 1954, effective November 1, 1954, recorded in Liber 2882 at Page 113; granting an easement (10 feet wide) for waterline purposes, being more particularly described therein.
4. Rights of native tenants as reserved in Royal Patent Grants 172.
5. The terms and provisions contained in Deed dated June 23, 1924, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 740 at Page 134.
6. Unrecorded Grant of nonexclusive easement for waterline purposes, dated December 6, 1978, to Board of Water Supply of the County of Maui, as referenced in instrument dated December 6, 1978, recorded in said Bureau of Conveyances in Liber 13464 at Page 463.
7. The terms and provisions contained in Declaration of Conditions dated July 25, 1990, recorded in said Bureau of Conveyances as Document No. 90-117006.
8. The terms and provisions contained in Unilateral Agreement and Declaration for Conditional Zoning dated August 29, 1991, recorded in said Bureau of Conveyances as Document No. 91-124296, and Supplemental Unilateral Agreement dated --- (acknowledged April 15, 2003), recorded in said Bureau of Conveyances as Document No. 2003-091383.
9. The terms and provisions contained in Deed dated December 15, 1993, recorded in said Bureau of Conveyances as Document No. 93-208058, as affected by Assignment of In Gross Reservations dated October 1, 2005, recorded in said Bureau of Conveyances as Document No. 2005-229077, re: assigning all "in gross" reservations and grants, and as affected by that Assignment of In Gross Reservations, dated October 17, 2014, recorded as Document No. A-54130023.
10. The terms and provisions contained in Right of Entry and Operating Agreement dated February 18, 1997, recorded in said Bureau of Conveyances as Document No. 97-029978.
11. Unrecorded Agreement Concerning Revenue From Utilization of Shaft 33 dated July 19, 1999, by and between Wailuku Agribusiness Co., Inc., and Hawaii Land & Farming Company, Inc., as referenced in instrument dated November 29, 1999, recorded as Document No. 99-188640.
12. The terms and provisions contained in Subdivision Agreement (Large Lots) dated October 2, 2002, recorded in said Bureau of Conveyances as Document No. 2002-198458.
13. The terms and provisions contained in Deferral of Subdivision Requirements Agreement dated October 31, 2002, recorded in said Bureau of Conveyances as Document No. 2002-218046.
14. The terms and provisions contained in Agreement for Implementation of Water Master Plan for Kehalani (Wailuku Project District 3) dated December 18, 2002, recorded in said Bureau of Conveyances as Document No. 2002-234288, as amended by instrument dated August 13, 2008, recorded as aforesaid as Document No. 2008-130559.

15. The terms and provisions contained in Agreement for Implementation of Water Master Plan for Kehalani (Wailuku Project District 3) (Transmission Credits) dated December 18, 2002, recorded in said Bureau of Conveyances as Document No. 2002-234289, as amended by instrument dated August 13, 2008, recorded as aforesaid as Document No. 2008-130560.

16. The terms and provisions, contained in Kehalani-Wailuku Project District 3 Offsite Sewer Improvements dated December 24, 2002, recorded in said Bureau of Conveyances as Document No. 2002-234295.

17. The terms and provisions contained in Agreement to Implement Unilateral Agreement and Declaration for Conditional Zoning (Regarding Incremental Park Dedication) dated December 18, 2002, recorded in said Bureau of Conveyances as Document No. 2002-234296.

18. The terms and provisions contained in Storage Credits and Amended Right of Entry Agreement for 3.0 Mg Concrete Reservoir at Wailuku, Maui, Hawaii dated December 5, 2002, recorded in said Bureau of Conveyances as Document No. 2002-234297, as amended by instrument dated August 13, 2008, recorded as aforesaid as Document No. 2008-130561.

19. The terms and provisions contained in Deferral of Subdivision Requirements Agreement dated December 12, 2003, recorded in said Bureau of Conveyances as Document No. 2004-052289.

20. The terms and provisions, contained in Subdivision Agreement (Large Lots) dated June 14, 2004, recorded in said Bureau of Conveyances as Document No. 2004-127165.

21. Grant dated February 3, 2005, recorded in said Bureau of Conveyances as Document No. 2005-032467, to Maui Electric Company, Limited and Verizon Hawaii Inc. (now known as Hawaiian Telcom, Inc.), granting a perpetual right and easement for utility purposes.

22. The terms and provisions contained in the Subdivision Agreement (Large Lots), dated November 9, 2006, recorded in said Bureau of Conveyances as Document No. 2006-214934.

23. The terms and provisions contained in the Subdivision Agreement (Large Lots) dated May 16, 2007, recorded in said Bureau of Conveyances as Document No. 2007-097366.

24. Grant of a non-exclusive, irrevocable, unrestricted easement in gross to the Property for the installation, maintenance, operation, removal and repair of cable television system or other similar facilities, etc., dated April 5, 2011, recorded in said Bureau of Conveyances as Document No. 2011-055829.

25. Encroachments or any other matters as shown on survey map prepared by Reed M. Ariyoshi, Land Surveyor, with Warren S. Unemori - Engineering, Inc., dated October 19, 2016.

26. The terms and provisions contained in that ASSIGNMENT OF ANNEXATION RIGHT AS TO MODULE 19 AND ITS APPURTENANT EASEMENTS THERETO AND AGREEMENT dated August 4, 2014, recorded in said Bureau of Conveyances as Document No. A-53360385.

27. The terms and provisions contained in the Warranty Deed dated August 8, 2014, recorded in said Bureau of Conveyances as Document No. A-53360386.

28. Real Property Mortgage, Security Agreement and Financing Statement date February 4, 2015 in favor of First Hawaiian Bank, recorded as Document No. A-55130293.

29. Financing Statement in favor of First Hawaiian Bank recorded on March 17, 2015 as Document No. A-55540705.

30. Declaration of Condominium Property Regime for Kamani at Kehalani" Condominium Project, dated June 4, 2015, recorded as Document No. A-56540654, Map 5426 and any amendments thereto.

Amendment to Condominium Map dated July 2, 2015, recorded as Document No. A-56670897.

Said Declaration and Condominium Map was amended by instruments dated effective as of December 14, 2015, recorded as Document No. A-58500268, dated effective as of April 7, 2016, recorded as Document No. A-59460062, dated effective as of May 9, 2016, recorded as Document No. A-59830553, dated effective August 1, 2016, recorded as Document No. A-60650293, dated effective as of November 7, 2016, recorded as Document No. A-61630114, dated February 23, 2017, recorded as Document No. A-62680155, dated July 24, 2017, recorded as Document No. A-64230389, dated September 29, 2017, recorded as Document No. A-64852016, dated December 4, 2017 recorded as Document No. A-65610172, dated January 22, 2018 recorded as Document No. A-66030470, dated April 9, 2018 recorded as Document No. A-66820114, dated June 18, 2018 recorded as Document No. A-67600073, dated August 20, 2018 recorded as Document No. A-68150261, dated December 12, 2018 recorded as Document No. A-69360513.

31. By-Laws of the Association of Unit Owners, dated June 4, 2015, recorded as Document No. A-56540655.

Said By-laws were amended by instrument dated effective as of April 7, 2016, recorded as Document No. A-59460063.

32. CURB RAMP EASEMENT "R-1" in favor of COUNTY OF MAUI, a political subdivision of the State of Hawaii, dated August 3, 2016, recorded as Document No. A-60710345; re: a non-exclusive curb ramp easement for use by pedestrians of the general public and other uses, including construction, reconstruction, maintenance, operation, repair and/or replacement of any part of the curb ramp improvements, over, under, and across Easement "R-1" being more particularly described therein.

33. Taxes that may be due if owing on the following (see next page):

EXHIBIT "A"

Unit No.	TMK (2) 3-5-001-090; CPR No.:	Common Interest
1	0136	1/138
2	0137	1/138
3	0138	1/138
4	0139	1/138
77	0118	1/138
78	0119	1/138
79	0124	1/138
80	0125	1/138
81	0126	1/138
82	0127	1/138
83	0128	1/138
84	0129	1/138
85	0132	1/138
86	0133	1/138
87	0130	1/138
88	0131	1/138
89	0120	1/138
90	0121	1/138
99	0134	1/138

END OF EXHIBIT "A"

EXHIBIT "G"

SUMMARY OF SALES CONTRACT

A copy of the form of Condominium Reservation Agreement, Deposit Receipt and Sales Agreement ("Sales Contract") has been submitted to the Real Estate Commission and is available for inspection at the Developer's sales office. The following is a summary of some of the provisions of the Sales Contract. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE SALES CONTRACT IN FULL SINCE THIS SUMMARY IS NOT INTENDED TO BE A COMPLETE DESCRIPTION OF THE PROVISIONS OF THE SALES CONTRACT.

1. The Sales Contract does not become a binding contract until the Effective Date occurs. Until the Effective Date, the Sales Contract is only a reservation for the unit and is not legally binding on either Buyer or Developer. The Effective Date of the Sales Contract shall be the date on which all of the following conditions are fulfilled:

(a) A copy of the Developer's Public Report covering the unit is mailed or otherwise delivered to the Buyer;

(b) Buyer has waived or be deemed to have waived Buyer's right to terminate the Sales Contract pursuant to Hawaii Revised Statutes, Section 514B-86, as amended; and

(c) The Sales Contract has been accepted by Developer through execution of the Sales Contract by Developer's officers or designated agents.

2. If the unit covered by a particular Sales Contract is an Owner-Occupant Designated unit, and Buyer has executed an affidavit stating Buyer's intent to become an owner-occupant of the unit, then Buyer agrees when signing the Sales Contract that Buyer will occupy the unit as Buyer's principal residence. Any such Buyer shall be required to reaffirm his or her intent to be an owner-occupant no earlier than the Buyer's receipt of the Developer's Public Report and no later than the Closing Date. Failure to sign the reaffirmation upon the reasonable request of Developer shall constitute a default under the Sales Contract by such Buyer and Developer shall have the remedies provided in the Sales Contract.

3. Section G.4 of the Sales Contract provides as follows:

4. Home Builder's Limited Warranty. THE TEN YEAR HOME BUILDER'S LIMITED WARRANTY (THE "HOME BUILDER'S LIMITED WARRANTY"), THE FORM OF WHICH IS ATTACHED TO THIS AGREEMENT, IS THE SOLE AND ONLY WARRANTY, EITHER EXPRESS OR IMPLIED, THAT BUYER SHALL RECEIVE FROM SELLER WITH RESPECT TO THE UNIT OR THE PROJECT. THERE ARE NO OTHER EXPRESS OR IMPLIED WARRANTIES BEING GIVEN BY SELLER TO BUYER, AND BUYER SPECIFICALLY WAIVES TO THE FULL EXTENT ALLOWED BY LAW ANY IMPLIED WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE UNIT AND BUYER'S INTEREST IN ALL COMMON ELEMENTS OR ANY PERSONAL PROPERTY OR FIXTURES BEING PROVIDED TO BUYER BY SELLER AS PART OF THE UNIT AND BUYER'S INTEREST IN ALL COMMON ELEMENTS. BUYER HAS BEEN GIVEN A COPY OF THE HOME BUILDER'S LIMITED WARRANTY, PWC FORM NO. 117 REV. 01/2007. BUYER HAS ALSO BEEN GIVEN THE HOME BUILDER'S LIMITED WARRANTY ACKNOWLEDGMENT OF RECEIPT AND AGREEMENT TO READ AND UNDERSTAND ("ACKNOWLEDGMENT"), WHICH ACKNOWLEDGMENT BUYER HAS EXECUTED CONTEMPORANEOUSLY WITH THIS AGREEMENT. AT CLOSING, BUYER SHALL RECEIVE FROM SELLER A HOMEOWNER'S MANUAL WHICH SHALL FURTHER EXPLAIN THE HOME BUILDER'S LIMITED WARRANTY PROGRAM. IN ADDITION TO SELLER'S OBLIGATION TO CORRECT CONSTRUCTION DEFECTS IN ACCORDANCE WITH THE HOME BUILDER'S LIMITED WARRANTY, THE HOMEOWNER'S MANUAL SHALL CONTAIN SELLER'S

CUSTOMER SERVICE PROGRAM. THIS CUSTOMER SERVICE PROGRAM PROVIDES FOR THE REPAIR, IF APPLICABLE, BY SELLER DURING THE FIRST YEAR OF THE HOME BUILDER'S LIMITED WARRANTY OF MINOR PROBLEMS IN THE UNIT THAT MIGHT NOT RISE TO THE LEVEL OF A CONSTRUCTION DEFECT UNDER THE HOME BUILDER'S LIMITED WARRANTY.

4. Buyer agrees that all payments required by the Sales Contract will be deposited with Escrow and that all checks will be made payable to Escrow. Buyer also agrees that any money that Buyer deposits with Escrow may be deposited together with other buyers' money in a federally insured interest bearing account, and that Escrow may distribute the money in this account according to an Escrow Agreement between Developer and Escrow. Buyer also agrees that all the interest earned from the funds deposited by buyers will be credited to Developer, except as may be provided in the Sales Contract. In case Buyer is late in making payments to Escrow, the late payment will bear interest at the rate of one percent (1%) per month until paid.

5. All taxes, assessments, and charges of any kind assessable against the unit or the land of the Project will be prorated as of the Closing Date. Buyer will be responsible for paying all closing costs in connection with the purchase of the unit, including all costs related to any mortgages, all notary fees, recording fees, escrow fees, title insurance, conveyance taxes and fees, and preparation of the Unit Deed to Buyer.

6. In addition to all other funds due, Buyer must deposit with Escrow at Preclosing a nonrefundable "start-up" fee for the condominium Association. This start-up fee is an initial contribution to the Association common expenses reserve. The minimum amount of the start-up fee will be equal to two (2) months of estimated assessments for common expenses. This amount is separate from the purchase price and closing costs for the unit.

7. Buyer may not assign Buyer's rights under the Sales Contract without the prior written consent of Developer. Under no circumstances may Buyer assign Buyer's rights to the Sales Contract after the Preclosing or the Closing Date. If Buyer attempts to assign the Sales Contract without Developer's written consent, Buyer shall be in default under the Sales Contract.

8. Developer, at its sole discretion, shall determine the Closing Date. Developer or Escrow will notify Buyer of when the Closing Date will take place. Developer may, at its option, preclose the sale of a unit by requiring the Buyer to deliver all documents necessary for closing and certain funds to Escrow up to sixty (60) days prior to the closing date. Buyer will have ten (10) days notice of such preclosing. Buyer must deposit all funds other than the proceeds of Buyer's first mortgage loan or the balance of the purchase price for a cash sale with Escrow, including the advanced payment for a maintenance assessment fund. Buyer must also sign all documents required for closing.

9. Buyer shall not be able to enter or occupy the unit until the Closing Date, except with the prior consent of Developer. Buyer will not be able to take occupancy until all payments required by the Sales Contract have been made. Keys will not be issued for the unit unless all payments due under the Sales Contract have been made. If Buyer attempts to take occupancy of or enter the unit prior to the Closing Date without the consent of Developer, then Buyer will be in default of the Sales Contract, and Developer has the right to remove Buyer from the unit using any lawful means and at Buyer's expense.

10. Buyer agrees to accept the unit as suitable for occupancy even if there are defects or damage to the unit, as long as Developer promises to repair these defects within a reasonable time after Buyer takes occupancy. If Buyer wrongfully refuses to take occupancy of a defective unit, Buyer may have to bear the cost of Developer's costs in any resulting legal action. Prior to closing, Buyer shall have fifteen (15) days after the date of a notice from Developer to inspect the unit. If Buyer does not inspect the unit within that time, Developer may appoint an appropriate person to inspect the unit on Buyer's behalf and decide if it is acceptable.

11. The Developer reserves the right to change the Project and modify the condominium map and any other condominium documents for any reason provided that the changes (a) are not a material change, (b) do not render unenforceable Buyer's mortgage loan commitment, (c) increase Buyer's percentage share of common expenses, or (d) increase the purchase price of the unit.

12. Developer will complete construction of the building in which the unit is located so that Buyer may occupy the unit within two (2) years of the Effective Date of the Sales Contract. However, this two (2) year period may be extended if construction is delayed by fire, earthquake, acts of God, the elements, war or civil disturbances, litigation or threat of litigation, strikes or other labor disturbances, or economic controls making it impossible to obtain the necessary labor or material, or other occurrences or conditions that are legally recognized as defenses to contract actions in the State of Hawaii.

13. By signing the Sales Contract, Buyer represents that Buyer is financially capable of paying the purchase price for the unit. Buyer also represents that any financial data Buyer has given Developer is accurate. If Buyer does not notify Developer that Buyer's financial situation has changed as of the Closing Date, Developer will assume that the information Developer has is accurate. If Developer discovers that any important financial data provided to Developer is not accurate and Buyer failed to notify Developer of this inaccuracy, Developer has the right to cancel the Sales Contract.

If Buyer intends to finance the purchase of the unit, then within five (5) calendar days from the Effective Date of the Sales Contract, Buyer must inform Seller in writing of the name and address of the lending institution and loan officer handling Buyer's application for the loan. Buyer must use Buyer's best efforts to obtain the loan in good faith, promptly execute and deliver all necessary documents and disclose all information necessary for the loan, pay any and all costs, charges, and expenses in connection with the loan, and timely close the loan. If Buyer makes a bona fide effort to obtain financing but is unsuccessful in doing so, then Buyer may cancel the Sales Contract upon written notice to Seller on or before sixty (60) days from the Effective Date of the Sales Contract. If the Sales Contract is cancelled in this manner, Buyer is entitled to a refund from Escrow of Buyer's money, without interest and minus any costs incurred by Developer, Escrow, or any lending institution in processing the Sales Contract or Buyer's loan application. If Buyer does not timely cancel the Sales Contract, then within five (5) days from Seller's request, Buyer shall obtain and provide Seller reasonable evidence that Buyer has obtained the necessary financing or Buyer's ability to pay the purchase price in cash. If Buyer does not provide such evidence, at Seller's sole option, Buyer shall be in default under the Sales Contract.

If Buyer does not apply for and do everything possible and/or necessary to successfully obtain the loan, then Developer, at its discretion, may cancel the Sales Contract upon written notice to Buyer and Developer may keep all money previously paid by Buyer and any interest thereon earned as liquidated damages.

If Buyer is making a cash purchase of a unit, Buyer must provide proof to Developer within ten (10) days after Developer accepts the Sales Contract such statements and documents that Developer may require that show that Buyer is financially capable of making all payments under the Sales Contract. Developer has the option to terminate the Sales Contract if Developer determines at any time that Buyer is unable to make the required payments. Developer will give Buyer notice of any such cancellation. If the Sales Contract is cancelled, Buyer will be entitled to a refund of any money Buyer has deposited with Escrow, without interest, and less an escrow cancellation fee, the cost of any credit reports and all other costs incurred by Developer.

14. As long as the Sales Contract is only a reservation, it may be terminated for any reason and at any time at the option of either Buyer or Developer, by giving written notice of termination to the other party. In the event of a termination, the Developer will instruct Escrow to refund all payments previously made by Buyer, without interest. Additionally, if the Buyer is terminating the Sales Contract pursuant to Hawaii Revised Statutes, Section 514B-86, as amended, then Escrow shall deduct an escrow cancellation fee and all costs incurred by Developer, Escrow, or any lending institution in processing the Sales Contract or loan application.

15. If Buyer defaults, Developer may cancel the Sales Contract and may keep any amounts previously paid by Buyer as liquidated damages to compensate Developer for its damages. Developer may also pursue any other legal remedy for purchaser's default.

If after the Effective Date of the Sales Contract, Seller shall fail to perform any obligation required by Seller under the Sales Contract and Buyer is not in default of any of Buyer's obligations under the Sales Contract, Buyer shall have the option to seek any relief allowed at law or in equity; provided, however, that after the Closing Date all disputes between Seller and Buyer shall be resolved in accordance with the Hawaii Contractor Repair Act and, where necessary, by mandatory arbitration (see Section H.22 of the Sales Contract).

17. If less than five (5) units have been sold within one hundred eighty (180) days after the date a buyer signs the first Sales Contract for a unit in the Project, Developer has the option to cancel the Sales Contract. If Developer cancels the Sales Contract, Buyer will be entitled to a refund of any money Buyer has deposited with Escrow, without interest and less an escrow cancellation fee. When Buyer has received this refund, Buyer and Developer will no longer have any obligations under the Sales Contract.

18. Developer has the option to cancel the Sales Contract if unanticipated delays in construction cause the cost of development to increase to the point where the Project is no longer economically feasible for the Developer. In this case, Developer may cancel the Sales Contract and refund Buyer's money in the same way as for a cancellation due to lack of sales described above.

19. By entering into the Sales Contract, Buyer acknowledges that Buyer has never received any information of representations from Developer or any of Developer's agents regarding rental income from the unit or other economic or tax benefits that Buyer may receive from ownership of the unit. The Buyer further agrees that he or she will not participate in any rental pool for the renting of the unit. Buyer may be required to sign documents which satisfy the Developer that no such representations have been made.

20. The Developer may have made one or more construction loans to finance construction of the Project. Any rights which a Buyer may possess under a Sales Contract for one of the units in the Project are subject to and subordinate to the rights of the lender(s) of the construction loan(s).

21. Subject to the requirements of the Hawaii Contractor Repair Act (Hawaii Revised Statutes Chapter 672E), if applicable, any dispute between Developer and Buyer arising out of or relating to the Sales Contract or the unit, or the construction, development or management of the Project or the sale of any unit or the use or occupancy of any unit, or any other aspect of the relationship between Developer and Buyer regarding the Project shall be resolved by mandatory arbitration.

22. Buyer accepts the following conditions as well as any inconvenience or annoyance which Buyer may experience as a result of such conditions and expressly waives any rights, claims or actions which he might otherwise have against Developer or third parties as a result of such circumstances:

(a) Construction activity by Developer or other unit owners may continue at the Project after Buyer has occupied the unit and this activity may result in noise, dust, surface water run off, vapors, odors, vibration, traffic congestion, or other nuisances or annoyances to Buyer and may limit Buyer's access to portions of the Project.

(b) Construction activity by parties unrelated to the Developer may also be ongoing on parcels of land adjacent to or in the vicinity of the Project after Buyer has occupied the unit and this activity may result in noise, dust, surface water run off, vapors, odors, vibration, traffic congestion, or other nuisances or annoyances to Buyer.

(c) Sales activities, including the use of model units, sign and extensive sales displays and other activities for the sale of units developed in the Project, and for the sale of units in projects developed by Developer on property near or adjacent to the Project, will continue in the Project,

and the parking spaces in the Project may be used for parking for prospective purchasers and other business invitees of Seller until the earlier to occur of (i) December 31, 2029, or (ii) the sale of the last unsold unit in the Project or in such other projects. If Developer's mortgage lender shall acquire any portion of the Project, the lender may continue such use until all the units have been sold and closed.

(d) Developer reserves the right for itself, its employees, agents, sales representatives, business invitees and prospective purchasers to utilize the common elements for ingress and egress to such model units and parking spaces and in order to show the common elements to prospective purchasers.

23. Seller has reserved the right at any time and from time to time up to, but not later than December 31, 2029 or the three (3) year anniversary date of the conveyance of Declarant's remaining interests in the Project, whichever date is last, to make changes to the Project and the Project documents, including without limitation the rights (a) to create additional units, (b) to reduce the size of the Project by subdividing the land of the Project, withdrawing portions of the land from the Project, and/or removing Unit No. 139 from the Project, (c) to construct additional condominium project(s) on the portions of the land withdrawn from the Project and to merge such additional condominium project(s) with the Project, and (4) to modify Unit No. 139 by adding buildings and improvements to Unit No. 139 or by subdividing Unit No. 139 into two or more units. Seller may exercise any of the reserved rights separately or jointly. Seller is not required to exercise any of the reserved rights and Seller does not represent or warrant that Seller will exercise of any of the reserved rights. (See Exhibit A to this Developer's Public Report).

24. Buyer acknowledges that it has been informed that microorganisms, including, but not limited to, mold, mildew, spores, or any other form of fungi or bacteria ("Microorganisms"), may be present in the unit and that Microorganisms, at certain levels, can cause deterioration of building materials, damage to property, health hazards, personal injuries and/or other irritant effects, such as, without limitation to, skin irritation, respiratory problems and/or allergic reactions. Concentrations of chemicals released from household furnishings, appliances, mechanical equipment, personal possessions or building materials may, at certain levels, create health hazards and/or other irritant effects, such as, without limitation to, skin irritation, respiratory problems and allergic reactions. Because Microorganisms occur naturally in the environment, Developer cannot eliminate the possibility that Microorganisms may grow in, on or about the unit. Buyer releases and agrees to indemnify and defend Developer and its successors and assigns, construction manager, contractors, subcontractors, material suppliers and the officers, employees, agents of each of them, from and against any and all claims, obligations, demands, damages, causes of action, liabilities, losses and expenses, including reasonable attorneys' and expert fees, whether now known or hereafter known, foreseen or unforeseen, that Buyer or any occupant of the unit had, has, or may have in the future, in law or in equity (the "claim"), that are attributable to (1) bodily injury, sickness, emotional distress, disease, death or any other personal injury or adverse health effects, or (2) injury to or destruction of tangible personal property, including loss of the use thereof arising out of or relating to, or in any way connected with, indoor air quality, moisture, or the growth, release, discharge, dispersal or presence of any Microorganisms or any chemicals in the indoor air or on the interior surfaces of the unit including, without limitation to, wall cavities, the attic, windows and the basement, or on the exterior surfaces of the unit or on any part thereof.

EXHIBIT "H"

SUMMARY OF ESCROW AGREEMENT

A copy of the Condominium Escrow Agreement dated March 11, 2015, between the Developer and Title Guaranty Escrow Services, Inc. ("Escrow"), has been submitted to the Real Estate Commission and is available for inspection at the Developer's office. The following is a summary of some of the provisions of the Escrow Agreement.

NOTE: ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ THE ESCROW AGREEMENT AND ALL AMENDMENTS, IF ANY, IN FULL AS THIS SUMMARY DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS IN THE ESCROW AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE ESCROW AGREEMENT, AND DOES NOT ALTER OR AMEND THE ESCROW AGREEMENT IN ANY MANNER.

1. A signed copy of each sales contract for a unit in the Project must be given to Escrow.
2. All money received by the Developer from buyers under sales contracts for units in the Project must be given to Escrow. Escrow, in accordance with written instructions from the Developer, shall deposit all money so received in an interest-bearing account at a federally insured bank, savings and loan association or other financial institution. Any interest earned on funds deposited into Escrow will accrue as set forth in the sales contract unless otherwise provided.
3. Escrow may not make any disbursements of funds until certain conditions, including the issuance of an effective date for the Developer's Public Report for the Project by the Real Estate Commission, have been met.
4. Under certain conditions, a buyer shall be entitled to a refund. Escrow shall pay this refund to the buyer with interest which may have accrued to the credit of the buyer and less a reasonable escrow cancellation fee.
5. If a buyer fails to claim a refund for a cancelled sales contract, Escrow shall deposit the refund in a special account in a bank or other depository selected by Escrow, in the name of the Developer as trustee for the benefit of the buyer. Escrow will then notify the buyer about the refund.
6. If a buyer fails to make a payment to Escrow in a timely manner, Escrow will notify Developer. If the Developer subsequently notifies Escrow in writing that Developer has terminated the sales contract and provides Escrow with copies of all notices of termination sent to the buyer, Escrow will then treat any funds the buyer has already paid as though they belong to the Developer. Upon written request by the Developer, Escrow will pay all such sums to Developer minus any escrow cancellation fee.
7. The Escrow Agreement is subject to the provisions of Hawaii Revised Statutes, Chapter 514B, as it may be amended.

EXHIBIT "I"

SUMMARY OF KEHALANI DECLARATION

The land of the Project will be annexed to and the Project will be subject to the Declaration of Covenants, Conditions and Restrictions for Kehalani dated March 17, 1995, made by C. Brewer Homes, Inc., as Declarant, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 95-040251, as it has been or may be amended and supplemented (the "Kehalani Declaration"), governing the Kehalani development. The Kehalani Declaration imposes mutually beneficial restrictions under a general plan of improvement for the benefit of the owners and establishes a procedure for the overall development, administration, maintenance and preservation of the properties subject to it.

NOTE: ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE KEHALANI DECLARATION IN FULL SINCE THIS SUMMARY IS NOT INTENDED TO BE A COMPLETE DESCRIPTION OF THE PROVISIONS OF THE KEHALANI DECLARATION. CAPITALIZED TERMS USED AND NOT OTHERWISE DEFINED IN THIS SUMMARY SHALL HAVE THE MEANINGS SET FORTH IN THE KEHALANI DECLARATION.

The Kehalani Declaration established the Kehalani Community Association, a Hawaii nonprofit corporation, which is responsible for the management, maintenance, operation and control of the Common Areas and other areas, if any, for which it assumes responsibility pursuant to the Kehalani Declaration (the "Area of Common Responsibility"). The Kehalani Community Association also administers and enforces the architectural standards and controls in the Kehalani Declaration and the Design Guidelines.

Each owner of a unit in the Project will be a Class A member of the Kehalani Community Association. The Declarant will be the sole Class B member until the Class B membership is terminated at which time it will become a Class A member as to the units it owns.

Each unit subject to the Kehalani Declaration shall be located in a Neighborhood. The unit owners may be members of a Neighborhood Association and may be subject to additional covenants of the Neighborhood Association.

The Kehalani Community Association may impose four types of assessments: (a) Bases Assessment, (b) Neighborhood Assessments, (c) Special Assessments, and (d) Special Assessments against a particular unit. If any assessments are not paid, the Kehalani Community Association shall have a lien upon the condominium unit for any unpaid assessments, interest, late charges and costs of collection. The lien may be enforced by suit, judgment and judicial foreclosure. The lien shall be junior to (a) taxes, bonds, assessments and other levies which by law are superior, and (b) any recorded first mortgage made in good faith and for value. If a unit is transferred, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance, except that a first mortgagee or other purchaser who acquires title pursuant to the foreclosure of a first mortgage shall not be personally liable for any assessments due prior to its acquisition of title.

The Kehalani Community Association may impose sanctions for violations of the Kehalani Declaration or the By-Laws rules of the Kehalani Community Association, including the imposition of fines and suspension of voting rights and use of any facilities within the Common Areas.

The Kehalani Declaration contains provisions regarding use of the property that is a part of the Kehalani development. By accepting a deed of any property, each Owner acknowledges and agrees that the use and enjoyment and marketability of the unit can be affected and that the Use Restrictions and Rules may change from time to time. All structures and improvements must comply with the provisions of the Kehalani Declaration and must be approved by the Declarant until it is no longer the Class B Member or it notifies the Board of Directors of the Kehalani Community Association that its responsibility shall be handled by the New Construction Committee and the Modifications Committee. The New Construction

Committee shall consist of at least three, but not more than five, members which shall have jurisdiction over all original construction. Until all of the property has been developed and conveyed to Owners, the Declarant shall appoint all members of the New Construction Committee. The Board of Directors may establish the Modifications Committee consisting of at least three, but not more than five, members which shall have jurisdiction over modifications, additions or alterations made to existing structures on or in units and the adjacent open space. The Modifications Committee may delegate its authority to a particular Neighborhood Association. The New Construction Committee may veto any action taken by the Modifications Committee or a Neighborhood Association which is inconsistent with the guidelines promulgated by the New Construction Committee. Not later than the date on which the Declarant is no longer responsible for the review of all applications for construction and modifications, the Declarant shall prepare design and development guidelines and application and review procedures.

The Declarant (until all the property described in Exhibit "B" to the Kehalani Declaration or 20 years after the recording of the Kehalani Declaration, which is earlier) or the Kehalani Community Association may annex additional property to the Kehalani Declaration and the Declarant may withdraw property from the Kehalani Declaration. The Kehalani Declaration reserve to the Declarant (i) the right to grant easements for utilities, access and other purposes, (ii) the right to subject any portion of the Properties to additional covenants and easements and to create exceptions for any portion of the Properties, (iii) all water and water rights, (iv) the right to engage in farming operations on other lands adjacent or in the vicinity of the Properties, (v) to transfer its rights to other parties, and (vi) to use and improve the Common Areas.

The provisions of the Kehalani Declaration shall be perpetual, except that the Declarant may terminate the Kehalani Declaration within 20 years of the date of recording and if Hawaii law limits the period during which the covenants may run with the land, then the Kehalani Declaration shall be automatically extended for periods of 20 years each unless they are terminated. The Declarant may amend the Kehalani Declaration (i) to bring any provision into compliance with any statute, rule, regulation or judicial determination, (ii) to enable any reputable title company to issue title insurance coverage on the units, (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans to make, purchase, insure or guarantee mortgage loans on the units, (iv) to enable any reputable private insurance company to insure mortgage loans on the units, or (v) to satisfy the requirements of any local, state or federal governmental agency. The Kehalani Declaration may also be amended by 75% of the Class A votes and the consent of the Declarant, so long as it has an option to subject additional property to the Kehalani Declaration.

EXHIBIT "J"

KAMANI AT KEHALANI CONDOMINIUM PROJECT

DISCLOSURE ABSTRACT AS OF FEBRUARY 20, 2019

1. Name and Address of Project:

Kamani at Kehalani
Off Oma'oma'o Street (under construction)
Wailuku, Maui, Hawaii

2. Name, Address and Telephone Number of Developer (or Developer's Agent):

HBT of Kehalani LLC
220 S. King Street, Suite 960
Honolulu, Hawaii 96813
(808) 537-5976

3. Name, Address and Telephone Number of Managing Agent:

HAWAIIANA MANAGEMENT COMPANY, LTD.
711 Kapiolani Boulevard, Suite 700
Honolulu, Hawaii 96813
(808) 593-9100

4. Maintenance Fees:

Attached hereto as Exhibit "1" is a breakdown of the estimated annual maintenance fees and the estimated annual costs for the Project, which is hereby certified to be based on generally accepted accounting principles. The Developer advises that the maintenance fees of a condominium project are difficult to estimate prior to actual operation of the Project and even if the maintenance fees have been accurately estimated, the maintenance fees will tend to increase over time because of price increases and aging of the Project. The estimated maintenance fees and estimated costs are based on the latest information available to the Developer and are subject to revision based on actual costs and new information that may become available. Maintenance fees can vary depending upon the services desired by the apartment owners. Each buyer should review the attached Exhibit "1" to see what services are included.

Although the Association of Apartment Owners will procure and maintain property insurance for all buildings and improvements in the Project, the premiums for the property insurance covering the units in the Project will be allocated to and paid by the owners of the respective units on a per unit basis based on the unit type rather than proportionately according to their common interests.

A portion of the management fee payable to the Managing Agent shall be allocated to and paid by the owners of the respective units on a per unit basis rather than proportionately according to their common interests.

Water and sewer charges included in the maintenance fees cover only the common elements. The unit owners must pay any water and sewer charges for their respective units separate from the maintenance fees. The Association of Apartment Owners will bill each unit for water and sewer charges which amounts shall be due together with the maintenance fees.

The maintenance fees also do not include charges for electricity used by the units and for cable television.

5. Warranties:

The Developer will convey each unit by a Supplemental Declaration and Unit Deed (with Reservations, Covenants, Restrictions and Special Power of Attorney) with a warranty of title. The Developer will provide each buyer with a ten-year Home Builder's Limited Warranty, PWC FORM No. 117 Rev. 01/2007, a copy of which will be provided to each buyer upon the execution of a sales contract for an apartment in the condominium project. The Developer will assign to each buyer any manufacturer's or dealer's warranties covering any appliances in a unit. Other than the foregoing, the Developer will make no other warranties, express or implied, about any unit, the condominium project or anything installed or contained in them. This includes, but is not limited to, warranties of merchantability, habitability, workmanlike construction, fitness for a particular use or purpose or for sufficiency of design.

6. Number of Residential Units:

There are 134 residential units in the Project. Section 6.1 of the Declaration of Condominium Property Regime provides:

The Units shall be occupied and used only as private dwellings by the respective Owners, their tenants, families, domestic servants and social guests, and for no other purpose. The Units shall not be rented for transient or hotel purposes, which are defined as (a) rental for any period less than one hundred eighty (180) days, or (b) any rental in which the occupants of the Units are provided customary hotel services such as room service for food and beverage, maid service, laundry and linen service, or bellboy service. Except for such transient or hotel purposes, the Owners shall have the absolute right to rent or lease their Units subject to all provisions of this Declaration and the Bylaws; provided, however, that (i) no Owner may rent or lease less than the entire Unit, and (ii) any lease or rental agreement shall be in writing.

Section 6.3 of the Declaration of Condominium Property Regime provides:

The Units in the Project or any interest therein shall not be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any timesharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership", or "time-interval ownership" arrangement. The term "time-sharing"

as used herein shall be deemed to include, but is not limited to, any plan, program or arrangement under which the right to use, occupy, own or possess a Unit or Units in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise.

7. Commercial or Non-Residential Development:

There are no commercial or non-residential units in the Project.

Dated: Wailuku, Hawaii, February 20, 2019.

HBT AT KEHALANI LLC

By TOWNE DEVELOPMENT OF HAWAII, INC.,
a Hawaii corporation
Its Manager

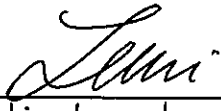
By 
Name Lesli Lawton
Its Vice President

EXHIBIT "1"

ESTIMATE OF MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Units</u>	<u>Monthly Fee</u>	<u>x</u>	<u>12 months</u>	<u>=</u>	<u>Yearly Total</u>
19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 45, 46, 55, 56, 57, 58, 85, 86, 87, 88, 89, 90, 91, 92, 101, 102, 103, 104, 105, 106, 107, 108, 119, 120, 121, 122, 123, 124, 125, 126	\$ 164.63	x	12 months	=	\$ 1,975.56
49, 50, 51, 52, 53, 54, 63, 64, 93, 94, 95, 96, 97, 98, 99, 100, 111, 112, 113, 114, 115, 116, 131, 132, 133, 134, 135, 136, 137, 138	\$ 164.63	x	12 months	=	\$ 1,975.56
1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 41, 42, 43, 44, 47, 48, 59, 60, 61, 62, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 109, 110, 117, 118, 127, 128, 129, 130	\$ 164.63	x	12 months	=	\$ 1,975.56

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

NOTE: The maintenance fees will likely increase over time because of price increases and aging of the Project. In addition, the maintenance fees will increase if Developer exercises its reserved rights to add additional units to the Project or merge additional condominium projects into the Project, because there will be more units in the Project and portions of the limited common elements appurtenant to Unit No. 139 will become part of the common elements maintained by the Association.

Although the Association of Apartment Owners will procure and maintain property insurance for all buildings and improvements in the Project, the premiums for the property insurance covering the units in the Project will be allocated to and paid by the owners of the respective units on a per unit basis based on the unit type rather than proportionately according to their common interests.

A portion of the management fee payable to the Managing Agent shall be allocated to and paid by the owners of the respective units on a per unit basis rather than proportionately according to their common interests.

Electricity, water and sewer charges included in the maintenance fees cover only the common elements. The unit owners must pay any water and sewer charges for their respective units separate from the maintenance fees. The Association of Apartment Owners will bill each unit for water and sewer charges which amounts shall be due together with the maintenance fees. The maintenance fees also do not include charges for electricity used by the units or cable television. The Association of Apartment Owners has made arrangements for refuse collection and that expense is included in the maintenance fees.

Estimate of Maintenance Fee Disbursements:

	<u>Monthly Fee</u>	x	12 months	=	<u>Yearly Total</u>
Utilities and Services					
Electricity, Water and Sewer					
[x] common elements only	\$ 1,308.24	x	12 months	=	\$15,698.88
[] common elements and apartments	\$ 0.00	x	12 months	=	\$ 0.00
Refuse Collection	\$ 6,210.00	x	12 months	=	\$74,520.00
Repairs and Maintenance					
Grounds	\$ 50.00	x	12 months	=	\$ 600.00
Maintenance and Repair	\$ 25.00	x	12 months	=	\$ 300.00
Administrative Expenses					
Administrative Expenses	\$ 593.40	x	12 months	=	\$ 7,120.80
Insurance					
Liability Insurance, etc.	\$ 819.50	x	12 months	=	\$ 9,834.00
Property Insurance (X, Y and Z units)	\$6,694.00	x	12 months	=	104,328.00
Professional Services					
Management Fee	\$2,760.00	x	12 months	=	\$33,120.00
Audit	\$ 156.00	x	12 months	=	\$ 1,872.00
Legal	\$ 25.00	x	12 months	=	\$ 300.00
Year End Accounting	\$ 52.00	x	12 months	=	\$ 624.00
Other Professional Services	\$ 300.00	x	12 months	=	\$ 3,600.00
Reserves	\$ 1,872.00	x	12 months	=	\$22,464.00
TOTAL	\$22,865.14	x	12 months	=	\$247,106.40

The Association of Apartment Owners may have conducted a reserve study in accordance with §514B-148, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. The Developer has not conducted such a reserve study.

I hereby certify that the estimates of maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.



Leslie Lawton, Vice President of Towne
Development of Hawaii, Inc., Manager of HBT of
Kehalani LLC

EXHIBIT "K"

MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

Kehalani Community Association

Each unit in the Project will be annexed to and will be subject to the terms, provisions, conditions and restrictions of that certain Declaration of Covenants, Conditions and Restrictions for Kehalani dated March 17, 1995, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 95-040251, as it has been or may be amended and supplemented (the "Kehalani Declaration"). All unit owners, their tenants, families, servants and guests, and any other persons who may in any manner use the Project, shall be bound by and comply strictly with the Kehalani Declaration and the Articles of Incorporation, By-Laws and any duly adopted rules and regulations of the Kehalani Community Association. Any changes or modifications to any units are subject to review and approval by the Kehalani Community Association Modification Committee. See Exhibit "I" for a summary of the pertinent provisions of the Kehalani Declaration.

Any charges assessed by the Kehalani Community Association pursuant to the Kehalani Declaration shall be separate from the fees assessed by the Association of Unit Owners of the Project and shall be payable directly by the unit owners to the Kehalani Community Association. The charges assessed by the Kehalani Community Association are currently \$65.00 per month for each unit until December 31, 2018. The charges are subject to change and may increase after that date.

Water Meter and Charges

There is one water meter for the Project. Each unit and the common elements will have a submeter to measure the amount of water usage by the units and the common elements. Each unit owner will be billed monthly by the Association for water and sewer usage and administration, and must pay to the Association the charges for water and sewer usage and administration together with the unit's share of common expenses. Water used by the units are not included in the monthly maintenance fees, but water used by the common elements are included in the monthly maintenance fees.

Trash Collection

The Association has made arrangements for trash collection by a private company for the Project. Trash collection charges are included in the monthly maintenance fees.

Maintenance Fees

Buyers will be obligated for the payment of their respective share of the common expenses from the respective dates of closing of their purchases of units in the Project.

The Association will obtain and maintain hazard insurance covering all the units in the Project and the cost for such hazard insurance will be included in the maintenance fees, but the premiums for such hazard insurance will be allocated to and paid by the owner of each unit on a per unit basis based on the unit type rather than in proportion to the common interests.

Fees payable to the Managing Agent for the Project will be included in the maintenance fees, but those fees (except fees that are the responsibility of a particular unit) will be allocated to and paid by the owner of each unit on a per unit basis rather than in proportion to the common interests.

Maintenance fees for the project will likely increase over time because of price increases and aging of the Project. In addition, the maintenance fees will increase if Developer exercises its reserved rights to add additional units to the Project or merge additional condominium projects into the Project, because there will be more units in the Project and portions of the limited common elements appurtenant to Unit No. 139 will become part of the common elements maintained by the Association.

No Photo-voltaic Systems

The units are being sold and will be conveyed to buyers without any photo-voltaic solar system.

Noise from Neighboring Unit

The units are duplex units in a building and occupants of a unit may hear sounds and noise (such as sounds and noises from voices, foot traffic, televisions, radios, doors and plumbing) from the other unit in the building.

School and Community Park

The Project is located near a school and a community park. Owners and occupants of the units may be exposed to noise from and activities at the school and community park.

Mold and Mildew

Microorganisms, including, but not limited to, mold, mildew, spores, or any other form of fungi or bacteria ("Microorganisms"), occur naturally in the environment and may be present, during or after construction, in the indoor air and/or on the interior surfaces of the units, including, without limitation to, cavities, attics, windows, foundations, floor slabs, and/or on the exterior surfaces of the units, or any part thereof. Concentration of moisture in the units may result from cooking, showering or similar activities inside the units, the outside atmosphere, and/or the design, construction means and methods, and/or the building materials used in the construction of the units. This moisture may cause the growth, release, discharge, dispersal or presence of Microorganisms which,

at certain levels, can cause deterioration of building materials, damage to property, health hazards, personal injuries and/or other irritant effects, such as, without limitation to, skin irritation, respiratory problems and/or allergic reactions. Likewise, concentrations of chemicals released from household furnishings, appliances, mechanical equipment, personal possessions or building materials may, at certain levels, create health hazards and/or other irritant effects, such as, without limitation to, skin irritation, respiratory problems and allergic reactions. Because Microorganisms occur naturally in the environment, Developer cannot eliminate the possibility that Microorganisms may grow in, on or about the units. Buyers may minimize these effects by proper utilization and of heating, cooling, dehumidification or ventilation equipment, interior and cleaning and exterior maintenance, such as, but not limited to, proper grading, landscaping, painting and caulking. Each buyer will acknowledge that the buyer has been informed of the effects of Microorganisms and chemicals, and each buyer will assume all risk of damage, personal injury or destruction of or injury to property that may arise as a result of or be in any way connected with the indoor air quality or the presence of Microorganisms or chemicals in, on or about the units.

Each buyer will also release and discharge, and agree to indemnify and defend, Developer and its successors and assigns, contractors, subcontractors, material suppliers and the officers, employees, agents of each of them, from and against any and all claims, obligations, demands, damages, causes of action, liabilities, losses and expenses, including reasonable attorneys' and expert fees, whether now known or hereafter known, foreseen or unforeseen, that the buyer or any occupant of the unit had, has, or may have in the future, in law or in equity (the "claim"), that are attributable to (1) bodily injury, sickness, emotional distress, disease, death or any other personal injury or adverse health effects, or (2) injury to or destruction of tangible personal property, including loss of the use thereof arising out of or relating to, or in any way connected with, indoor air quality, moisture, or the growth, release, discharge, dispersal or presence of any Microorganisms or chemicals in the air or on the interior surfaces of the unit including, without limitation to, wall cavities, the attic, windows and the basement, or on the exterior surfaces of the unit or on any part thereof, whether or not the claim is caused by, in whole or in part, any act or omission of Developer, its contractors, subcontractors or material suppliers, in the construction of the Project, including, but not limited to, Developer's or its contractors', subcontractors' or material suppliers' construction means and methods, material selection and installation, and/or design services, if any. Developer makes no express or implied warranty of habitability, merchantability, fitness for a particular purpose or good workmanship as to building materials and/or construction means and methods with regard to indoor air quality or the presence of Microorganisms or chemicals in, on or about the units.

Hawaii Contractor Repair Act

The Hawaii Contractor Repair Act, Hawaii Revised Statutes Chapter 672E contains important requirements a buyer must follow before a buyer may file a lawsuit or other action (including but not limited to arbitration) for defective construction against the contractor (defined in the Hawaii Contractor Repair Act to mean any person, firm, partnership, corporation, association or other organization that is engaged in the

business of designing, manufacturing, supplying products, developing, constructing or selling a dwelling) who designed, repaired, or constructed the unit, the Project or the common elements of the Project. Ninety days before a buyer files a lawsuit or other action, the buyer must serve on the contractor a written notice of any construction conditions the buyer alleges are defective. Under the Hawaii Contractor Repair Act, a contractor has the opportunity to make an offer to repair and/or pay for the defects. The buyer is not obligated to accept any offer made by a contractor. There are strict deadlines and procedures under the Hawaii Contractor Repair Act, and failure to follow them may negatively affect the buyer's ability to initiate any arbitration pursuant to the Home Builder's Limited Warranty provided by the Developer.

Affiliations

Towne Realty of Hawaii, Inc. (the general contractor) and Towne Island Homes, Ltd. (the real estate broker) are wholly owned subsidiaries of Towne Development of Hawaii, Inc., the manager of HBT of Kehalani LLC (the developer).

Roadways

All roadways within the Kehalani Community Association are privately owned either by the developer of the Kehalani Community Association ("Master Developer") or by the Kehalani Community Association. The Master Developer intends to dedicate the roadways and related improvements to the County of Maui or other governmental entities in the future. Until that occurs, the Kehalani Community Association (of which this project is a part) shall be responsible for the liabilities, maintenance and repair of such improvements.

Mailboxes

All mailboxes for the Project are located at the Southeasterly corner of the entry shown on the Condominium Map.

Certification of Condominium Map

Upon completion of the Project the Declarant will submit a Certification of Administrative Merger along with a certification of Condominium Map to reflect the final layout of the Project in the manner required by Section 514B-34 of the Act, to certify that the plans previously filed for the Project or being filed simultaneously with such certificate, accurately depict the layout, location, Unit numbers, dimensions and elevations of the buildings, as filed with and approved by the County of Maui officer having jurisdiction over the issuance of permits for the construction of buildings. Said Condominium Map may include the metes and bounds description with square footage and/or other further detail of the boundaries of the Limited Common Elements appurtenant to each Unit, i.e. private yards. Declarant reserves the right to enter the Limited Common Elements for the purposes of measuring, staking and delineating such Limited Common Elements.

EXHIBIT "L" - HOME BUILDER'S LIMITED WARRANTY

HOME BUILDER'S LIMITED WARRANTY

Administered by Professional Warranty Service Corporation ("PWC")

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Section I.	Warranty Coverage
Section II.	OUR Warranty Obligations
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Section VII.	Binding Arbitration Procedure
Section VIII.	General Conditions
Section IX.	Definitions
	Binding Arbitration Request Form
	Subsequent Home Buyer Acknowledgment and Transfer form

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION, WHICH MAY
BE ENFORCED BY EITHER PARTY

Throughout this HOME BUILDER'S LIMITED WARRANTY, referred to hereinafter as the "LIMITED WARRANTY", the words "YOU" and "YOUR" refer to the HOMEOWNER, including any subsequent owners, and, where applicable, a HOMEOWNERS ASSOCIATION. The words "WE", "US" and "OUR" refer to the BUILDER. The other words and phrases which appear in boldface uppercase type also have special meaning. Refer to the Section IX. Definitions, so that YOU will understand the terminology applicable to this LIMITED WARRANTY.

This LIMITED WARRANTY establishes an agreed method for determining when a CONSTRUCTION DEFECT exists and a clear understanding of OUR responsibilities for remedying any such CONSTRUCTION DEFECT. This LIMITED WARRANTY also helps distinguish a CONSTRUCTION DEFECT that is OUR responsibility from those minor imperfections that can reasonably be expected in a HOME or the COMMON ELEMENTS, or that result from normal wear and tear or the neglect of routine HOMEOWNER or HOMEOWNERS ASSOCIATION maintenance responsibilities.

This LIMITED WARRANTY contains the procedures YOU must use to notify US of a condition in YOUR HOME or the COMMON ELEMENTS which YOU believe may constitute a CONSTRUCTION DEFECT. In the event a condition occurs in the HOME or the COMMON ELEMENTS that YOU believe may constitute a CONSTRUCTION DEFECT, YOU agree to submit any request for warranty performance in accordance with the procedure described in this LIMITED WARRANTY. Based on the information YOU provide and, where WE deem it necessary, information obtained from OUR onsite investigation, inspection and/or testing of the HOME or the COMMON ELEMENTS, WE will determine whether WE agree with YOU that the condition constitutes a CONSTRUCTION DEFECT. If WE determine that the condition reported by YOU is a CONSTRUCTION DEFECT, WE will remedy the condition in accordance with the remedies prescribed in this LIMITED WARRANTY. WE will make this determination in accordance with Section II, OUR Warranty Obligations, contained in this LIMITED WARRANTY.

THIS LIMITED WARRANTY PROVIDES THAT ANY AND ALL CLAIMS AND DISPUTES BETWEEN YOU AND US WHICH YOU AND WE ARE UNABLE TO RESOLVE BY MUTUAL AGREEMENT, SHALL BE RESOLVED SOLELY AND EXCLUSIVELY THROUGH FINAL AND BINDING ARBITRATION IN ACCORDANCE WITH THE TERMS AND PROCESS DESCRIBED WITHIN THIS DOCUMENT. BY THIS AGREEMENT, BOTH YOU AND WE ARE WAIVING THE RIGHT TO LITIGATE DISPUTES IN COURT.

To the extent permitted by law, all express or implied warranties other than this LIMITED WARRANTY, including any oral or written statement or representation made by US or any other person, and any implied warranty of habitability, merchantability or fitness for a particular purpose, are hereby disclaimed by US and are waived by YOU. YOUR only remedy in the event of a CONSTRUCTION DEFECT in or to the HOME or the COMMON ELEMENTS or to the real property on which the HOME or the COMMON ELEMENTS is situated is that provided to YOU under this LIMITED WARRANTY.

Enclosed with this LIMITED WARRANTY is a Limited Warranty Validation Form. The Limited Warranty Validation Form is a part of the LIMITED WARRANTY and provides the dates on which the warranty coverage period begins and expires. It is important that this form be retained with the LIMITED WARRANTY.

WE have contracted with PWC for certain administrative services relative to this LIMITED WARRANTY. PWC's sole responsibility is to provide administrative services as set forth herein. Under no circumstances or conditions is PWC responsible for fulfilling OUR obligations under this LIMITED WARRANTY.

There may be instances where an additional PWC administered Builder's Limited Warranty is issued together with this LIMITED WARRANTY. If both of these warranties are issued to YOU, YOU agree to request warranty performance under either warranty relative to warrantable issues on the HOME or the COMMON ELEMENTS. YOU may not collect twice relative to the same issue.

If any provision of this LIMITED WARRANTY is determined to be unenforceable, such a determination will not affect the remaining provisions. If this LIMITED WARRANTY or any provision herein is determined to be

unenforceable as to a HOMEOWNERS ASSOCIATION or a specific HOMEOWNER, such a determination will not affect the enforceability of this LIMITED WARRANTY or such provision as to any other HOMEOWNERS ASSOCIATION or any other HOMEOWNER. Any dispute as to the enforceability of any provision of this LIMITED WARRANTY, including any dispute as to the scope or enforceability of the arbitration provision contained herein, shall be determined by binding arbitration as provided for in this LIMITED WARRANTY.

I. Warranty Coverage

Coverage under this LIMITED WARRANTY is expressly limited to CONSTRUCTION DEFECTS which occur during the WARRANTY PERIOD indicated on the Limited Warranty Validation Form and which are reported by YOU in accordance with the notification requirements of Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY. OUR obligations under this LIMITED WARRANTY apply to workmanship actually performed and materials actually installed in the HOME or the COMMON ELEMENTS. Any failure by US to complete construction of the HOME or COMMON ELEMENTS, where such failure is apparent and obvious, is not covered by this LIMITED WARRANTY and is not a CONSTRUCTION DEFECT.

During the WARRANTY PERIOD indicated on the Limited Warranty Validation Form, WE warrant that the HOME and the COMMON ELEMENTS will be free of CONSTRUCTION DEFECTS. OUR obligation to perform under this LIMITED WARRANTY requires that WE must receive written notice from YOU of the alleged CONSTRUCTION DEFECT as soon as reasonably possible after YOU become aware of a CONSTRUCTION DEFECT but not later than thirty (30) days after the expiration of the coverage. Telephonic or face-to-face discussion is not a substitute for required written notice and will not protect YOUR rights under this LIMITED WARRANTY (see Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY).

II. OUR Warranty Obligations

Upon OUR timely receipt of written notice from YOU alleging a CONSTRUCTION DEFECT during the WARRANTY PERIOD, WE, or parties acting on OUR behalf, will, where WE deem it necessary, inspect, investigate and/or test (including destructive testing) the condition alleged to be a CONSTRUCTION DEFECT. If WE determine that a CONSTRUCTION DEFECT exists, WE, or parties acting on OUR behalf, will (1) repair or replace the CONSTRUCTION DEFECT, (2) pay to YOU the actual amount it would cost US to repair or replace the CONSTRUCTION DEFECT, or (3) pay to YOU an amount equal to the diminution in fair market value caused by the uncorrected CONSTRUCTION DEFECT. Subject to the limitations described in Section IV. Coverage Limitations, if the HOME is rendered temporarily uninhabitable by a CONSTRUCTION DEFECT or by work necessary to repair a CONSTRUCTION DEFECT, WE shall pay the reasonable cost for YOUR alternate shelter until the HOME is restored to a habitable condition. Additionally, in connection with OUR remedy of a CONSTRUCTION DEFECT, and subject to the limitations described in Section IV. Coverage Limitations, WE shall repair, replace or pay the reasonable cost for:

- Those surfaces, finishes and coverings that are part of the HOME and that are damaged directly by a CONSTRUCTION DEFECT or that are damaged in the course of OUR repair of a CONSTRUCTION DEFECT.
- Home furnishings, carpet or personal property damaged directly by the CONSTRUCTION DEFECT.

The decision to repair, replace, or to make payment in lieu of repair or replacement is at OUR or OUR authorized representative's sole discretion. These remedies are OUR only obligations under this LIMITED WARRANTY.

A. Standards By Which the Existence of a CONSTRUCTION DEFECT Will Be Determined:

The following factors will be considered in determining whether a condition constitutes a **CONSTRUCTION DEFECT**. If **WE** dispute the existence of a **CONSTRUCTION DEFECT** and that dispute is submitted to binding arbitration, the parties agree these same factors will be considered by the arbitrator:

1. Any performance standards, tolerances or guidelines contained in documents provided to **YOU** by **US** at or prior to closing on the **HOME** or, in the case of a **HOMEOWNERS ASSOCIATION**, prior to transferring title or control to all the **COMMON ELEMENTS**. In the absence of a specific standard, tolerance or guideline in the documents for a condition occurring during the first year of the **WARRANTY PERIOD**, the Residential Construction Performance Guidelines published by the National Association of Home Builders, in effect at the time of construction of the **HOME** or, in the case of the **HOMEOWNERS ASSOCIATION**, at the time of construction of the **COMMON ELEMENTS**, shall apply. If no specific standard, tolerance or guideline is contained in any of the documents identified above, generally accepted local building practices and standards shall apply;
2. Consideration as to whether the condition:
 - materially affects the structural integrity of the **HOME** or **COMMON ELEMENTS**; or
 - has an obvious and material negative impact on the appearance of the **HOME** or **COMMON ELEMENTS**; or
 - jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
 - results in the inability of the **HOME** or a **COMMON ELEMENT** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.
3. Consideration as to whether a condition is the result of normal wear and tear. Conditions that are normal wear and tear, or that are caused by normal wear and tear are not **CONSTRUCTION DEFECTS**;
4. Consideration as to whether the condition was caused by, or in any way resulted from, the failure of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** to perform normal or routine maintenance. Any condition that is determined to be a **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance issue, or any condition that results from improper or inadequate **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance, is not a **CONSTRUCTION DEFECT**;
5. Consideration as to whether the condition was caused by persons or entities other than **US** or someone acting on **OUR** behalf. Damage caused by persons or entities other than **US** or someone acting on **OUR** behalf is not a **CONSTRUCTION DEFECT**. For example, a large, visible scratch on marble tile in the entry foyer that was not noted in the pre-closing walk through inspection, but was reported after furniture was moved into the **HOME**, will not be considered a **CONSTRUCTION DEFECT**;
6. Recognition that any condition resulting directly or indirectly from or worsened by changes, additions, alterations or other actions or omissions by persons or entities other than **US** or someone acting on **OUR** behalf, will not be considered a **CONSTRUCTION DEFECT** (this includes, for example, changes to the topography, drainage or grade of the property);
7. Any **Exclusions** contained in this **LIMITED WARRANTY**.

III. Homeowner Maintenance Obligations

Maintenance of the HOME and the COMMON ELEMENTS is YOUR responsibility. All homes and common elements require periodic maintenance to prevent premature deterioration, water intrusion, and to ensure adequate performance of the SYSTEMS. WE will make a "Homeowner Maintenance Manual" or similar publication available to YOU upon request. Whether from this document or others that are readily available to YOU, YOU must understand and perform the maintenance that the HOME and COMMON ELEMENTS require. WE are not responsible for HOME or COMMON ELEMENTS maintenance issues or for damage that results from YOUR failure to maintain the HOME or the COMMON ELEMENTS.

IV. Coverage Limitations

Surfaces, finishes and coverings in the HOME which require repair due to damage caused by a CONSTRUCTION DEFECT, or such damage caused in the course of OUR repair of a CONSTRUCTION DEFECT, shall be repaired and restored to approximately the same condition as existed prior to the CONSTRUCTION DEFECT, but not necessarily to a like new condition. When repairing or replacing surfaces, finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to such factors as fading, aging and unavailability of the same materials.

Home furnishings, carpet or personal property damaged by a CONSTRUCTION DEFECT shall be repaired or replaced at market value of the item at the time of damage. "Market value" shall mean the amount it would cost to repair or replace the damaged item with material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

Alternate shelter during such time as the HOME is uninhabitable due to a CONSTRUCTION DEFECT or uninhabitable during work to repair a CONSTRUCTION DEFECT, shall be limited to those shelter costs expressly pre-approved by US or OUR designated representative.

V. Exclusions

A. This LIMITED WARRANTY does not cover:

1. Any loss or damage resulting, either directly or indirectly, from the following causes, or occurring in the following situations:
 - a. Fire (unless caused by a CONSTRUCTION DEFECT);
 - b. Lightning;
 - c. Explosion (unless caused by a CONSTRUCTION DEFECT);
 - d. Riot and Civil Commotion;
 - e. Smoke (unless resulting from a CONSTRUCTION DEFECT);
 - f. Hail;
 - g. Aircraft;
 - h. Falling Objects;
 - i. Vehicles;
 - j. Floods;
 - k. Earthquake;
 - l. Landslide or mudslide originating on property other than the site of the HOME or the COMMON ELEMENTS or other property developed by the BUILDER;
 - m. Mine subsidence or sinkholes;
 - n. Changes in the underground water table not reasonably foreseeable by the BUILDER;

- o. Volcanic eruption; explosion or effusion;
 - p. Wind including:
 - (i). Gale force winds;
 - (ii). Hurricanes;
 - (iii). Tropical storms;
 - (iv). Tornadoes;
 - (v). Rain or water intrusion or moisture within the HOME resulting from any wind forces described in p. (i) – (iv) above.
 - q. Insects, animals or vermin;
 - r. Changes to the grading of the ground, or the installation or alteration of improvements such as drain or gutter outlets by anyone other than US or OUR agents, or subcontractors which results in surface drainage towards the HOME, or other improper drainage that permits water to pond or become trapped in localized areas or against the foundation;
 - s. Changes, additions, or alterations made to the HOME or the COMMON ELEMENTS by anyone after the WARRANTY PERIOD begins, except those made or authorized by US;
 - t. Any defect in material or workmanship supplied by anyone other than US or OUR agents, or subcontractors, including any loss or damage to the HOME or the COMMON ELEMENTS resulting from material or workmanship supplied by anyone other than US or OUR agents, or subcontractors;
 - u. Improper maintenance, negligence or improper use of the HOME or the COMMON ELEMENTS by YOU or anyone other than US that results in rot, dry rot, moisture, rust, mildew or any other damage;
 - v. Dampness or condensation due to YOUR failure to maintain adequate ventilation;
 - w. Damage resulting from the weight and/or performance of any type of waterbed or other furnishings which exceeds the load-bearing design of the HOME or the COMMON ELEMENTS;
 - x. Normal wear and tear or normal deterioration of materials;
 - y. Economic damages due to the HOME'S or the COMMON ELEMENTS' failure to meet expectations of the HOMEOWNER or HOMEOWNERS ASSOCIATION.
2. Any loss or damage resulting from the actual, alleged or threatened discharge, dispersal, release or escape of POLLUTANTS. WE will not cover costs or expenses arising from the uninhabitability of the HOME or the COMMON ELEMENTS or health risk due to the proximity of POLLUTANTS. WE will not cover costs, or expenses resulting from the direction of any governmental entity to test, clean-up, remove, treat, contain or monitor POLLUTANTS;
 3. Any loss or damage resulting from the effects of electromagnetic fields (EMF's) or radiation;
 4. Any damage to personal property that does not result from a CONSTRUCTION DEFECT;
 5. Any CONSEQUENTIAL OR INCIDENTAL DAMAGES;
 6. Any CONSUMER PRODUCTS;
 7. Any CONSTRUCTION DEFECT as to which YOU have not taken timely and reasonable steps to protect and minimize damage after WE or OUR authorized representative have provided YOU with authorization to prevent further damage;
 8. Any damage to the extent it is incurred after or as a result of YOUR failure to notify US in the manner and time required under this LIMITED WARRANTY;
 9. Any costs or obligations paid or incurred by YOU in violation of Section VI. C. below;
 10. Any non-conformity with local building codes, regulations or requirements where the condition does not meet the definition of a CONSTRUCTION DEFECT. While WE acknowledge OUR responsibility

to build in accordance with applicable building codes, this **LIMITED WARRANTY** does not cover building code violations in the absence of a **CONSTRUCTION DEFECT**;

11. Any deviation from plans and specifications where the condition does not meet the definition of a **CONSTRUCTION DEFECT**.
- B. **OUR LIMITED WARRANTY** does not cover any **CONSTRUCTION DEFECT** which would not have occurred in the absence of one or more of the excluded events or conditions listed in the Exclusions above, regardless of:
 1. The cause of the excluded event or condition;
 2. Other causes of the loss or damage; or
 3. Whether other causes acted concurrently or in any sequence with the excluded event or condition to produce the loss or damage.

VI. Procedure to Request US To Perform Under This LIMITED WARRANTY

If **YOU** become aware of a condition that **YOU** believe is a **CONSTRUCTION DEFECT** under this **LIMITED WARRANTY**, **YOU** have the following responsibilities:

A. Notification

YOU must notify **US** in writing as soon as reasonably possible after **YOU** become aware of a condition that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, but in no event may **YOUR** written notice of a **CONSTRUCTION DEFECT** or **YOUR** written request for warranty performance be received by **US** later than thirty (30) days after this **LIMITED WARRANTY** has expired. This extended period for providing notice of a **CONSTRUCTION DEFECT** shall not operate to extend the **WARRANTY PERIOD**.

If the written notice is received by **US** more than thirty (30) days after the expiration of this **LIMITED WARRANTY**, **WE** shall have no obligation to remedy the **CONSTRUCTION DEFECT**. Because of the importance of this written notice requirement, **WE** recommend that notice always be sent by Certified Mail, return receipt requested, in order to establish a record.

B. Cooperate With US

YOU must give **US** and any third parties acting on **OUR** behalf reasonable help in inspecting, investigating, testing (including destructive testing), monitoring, repairing, replacing or otherwise correcting an alleged **CONSTRUCTION DEFECT**. Help includes, but is not limited to, granting reasonable access to the **HOME** or **COMMON ELEMENTS** for the forgoing purposes. If **YOU** fail to cooperate or provide **US** reasonable access to the **HOME** or **COMMON ELEMENTS**, **WE** will have no further obligation under this **LIMITED WARRANTY**.

C. Do Not Make Voluntary Payments

YOU agree not to make any voluntary payments or assume any obligations or incur any expenses for the remedy of a condition **YOU** believe is a **CONSTRUCTION DEFECT** without prior written approval from **US**, or other parties authorized to act on **OUR** behalf. **WE** will not reimburse **YOU** for costs incurred where **YOU** did not obtain prior written approval.

However, **YOU** may incur reasonable expenses in making repairs in an **EMERGENCY CONDITION** without prior written approval, provided the repairs are solely for the protection of the **HOME** or **COMMON**

ELEMENTS from further damage or to prevent an unsafe living condition and provided **YOU** notify **US** as soon as is reasonably possible. To obtain reimbursement for repairs made during an **EMERGENCY CONDITION**, **YOU** must provide **US** with an accurate written record of the repair costs.

D. Sign A Release

When **WE** or a third party acting on **OUR** behalf have completed repairing, replacing or paying **YOU** as to any **CONSTRUCTION DEFECTS** and related damage covered by this **LIMITED WARRANTY**, **YOU** may be requested to sign a full release of **OUR** obligation for the **CONSTRUCTION DEFECTS**. The release shall be applicable to the **CONSTRUCTION DEFECTS** and shall not prevent **YOU** from notifying **US** should **YOU** become aware of a subsequent **CONSTRUCTION DEFECT**.

E. If YOU Disagree With US

If **YOU** believe **WE** have not satisfactorily responded to **YOUR** request for warranty performance or satisfactorily worked with **YOU** to resolve any other claim or dispute between **YOU** and **US**, **YOU** should provide written notice to **PWC** requesting Mediation. Upon **PWC's** receipt of written notice from **YOU**, **PWC** may review and mediate **YOUR** request. **PWC** may communicate with **YOU**, **US**, and any other individuals or entities that **PWC** believes may possess relevant information. If after forty-five (45) days, **PWC** is unable to successfully mediate **YOUR** claim or dispute, or at any earlier time when **PWC** determines that **YOU** and **WE** are at an impasse, **PWC** will notify **YOU** that **YOUR** request remains unresolved and that **YOU** may elect to initiate binding arbitration. Binding arbitration as described in the following section is the sole remedy for the resolution of disputes between **YOU** and **US**.

VII. Binding Arbitration Procedure

Following commencement of the **WARRANTY PERIOD**, any claim, controversy or dispute (hereafter collectively referred to as "dispute") between **YOU** and **US**, or parties acting on **YOUR** or **OUR** behalf, including **PWC**, and any successor, or assign of either **YOU** or **US**, which relates to or arises from this **LIMITED WARRANTY**, or the design or construction of the **HOME** or the **COMMON ELEMENTS**, or the sale of the **HOME** or transfer of title to the **COMMON ELEMENTS**, will be resolved solely by binding arbitration and not through litigation in court before a judge or jury. This agreement to arbitrate is intended to inure to the benefit of, and be enforceable by, **OUR** contractor, subcontractors, agents, vendors, suppliers, design professionals, materialmen, and any of **OUR** direct or indirect subsidiaries or related entities alleged to be responsible for any **CONSTRUCTION DEFECT**. Disputes subject to binding arbitration include, but are not limited to:

- A. Any disagreement that a condition in the **HOME** or the **COMMON ELEMENTS** is a **CONSTRUCTION DEFECT**;
- B. Any disagreement as to the method or scope of repair required to correct a **CONSTRUCTION DEFECT** or whether a **CONSTRUCTION DEFECT** has been corrected in compliance with this **LIMITED WARRANTY**;
- C. Any alleged breach of this **LIMITED WARRANTY**;
- D. Any alleged violation of consumer protection, unfair trade practice, or any other statute;
- E. Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and any other claims arising in equity or from common law;
- F. Any dispute concerning the interpretation of this arbitration provision or the arbitrability of any issue;

- G. Any dispute concerning the timeliness of **OUR** performance and/or **YOUR** notifications under this **LIMITED WARRANTY**;
- H. Any dispute as to the payment or reimbursement of the arbitration filing fee;
- I. Any dispute as to whether this **LIMITED WARRANTY**, or any provision hereof, including, but not limited to, this arbitration clause and any waiver hereunder, is enforceable;
- J. Any other claim arising out of or relating to the sale, design or construction of **YOUR HOME** or the **COMMON ELEMENTS**, including, but not limited to any claim arising out of, relating to or based on any implied warranty or claim for negligence or strict liability not effectively waived by this **LIMITED WARRANTY**.

The arbitration shall be conducted by DeMars and Associates, Ltd. (www.demarsassociates.com) pursuant to its Construction Arbitration Program ("CAP"), or by such other neutral, independent arbitration service that **PWC** shall appoint. If **YOU** object to the arbitration service appointed by **PWC**, **YOU** must so inform **PWC**, in writing, within ten (10) days of **YOUR** receipt of **PWC**'s written notice informing **YOU** of the appointed arbitration service. **PWC** will then appoint an alternative neutral arbitration service provider. If **YOU** object to this alternative provider and if **YOU** and **WE** are unable to agree on another alternative, then either party may, pursuant to the applicable provisions of the Federal Arbitration Act (9 U.S.C. § 1, et seq.), apply to a court of competent jurisdiction to designate an arbitration service provider, which designation shall be binding upon the parties. Selection of the arbitrator shall be the responsibility of the appointed arbitration service. The rules and procedures of the arbitration service, including its rules and procedures pertaining to its selection of the arbitrator who will conduct the arbitration, that are in effect at the time the request for arbitration is submitted will be followed unless the parties expressly agree otherwise. **PWC** will obtain and provide to **YOU** and **US**, upon request, the rules and procedures of the arbitration organization appointed to administer the arbitration. The arbitration service finally appointed or designated as aforesaid shall administer the arbitration of any and all disputes required to be joined under the law.

This arbitration agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by and interpreted under the Federal Arbitration Act now in effect and as it may be hereafter amended (the "FAA") to the exclusion of any inconsistent state law, regulation or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

Each party shall bear its own attorney's fees and costs (including expert's costs) for the arbitration. If **YOU** initiate the arbitration request, the arbitration filing fee and other fees charged by the arbitration service shall be divided and paid equally by **YOU** and **US**, unless **YOU** and **WE** have otherwise agreed in writing to a different allocation. If **WE** initiate the request for arbitration, **WE** shall pay the entire arbitration filing fee as well as all other fees charged by the arbitration service.

As part of any arbitration award, the arbitrator may, at his/her discretion, direct that **WE** reimburse **YOU** some or all of the arbitration filing fee and other arbitration fees **YOU** paid to the arbitration service, but under no circumstances shall **YOU** be required to reimburse **US** any portion of the arbitration filing fee and other arbitration fees **WE** paid.

Arbitration filing fees and other arbitration fees vary among arbitration service providers. Before submitting a Binding Arbitration Request Form, **YOU** may contact **PWC** to obtain information on the fees charged by the appointed arbitration service provider. The arbitration service's filing fee and other arbitration fees in effect at the time arbitration is requested shall apply.

The process for initiating arbitration is described below.

Step 1 The Initiating Party Completes A Binding Arbitration Request Form And Mails It To PWC Along With Their Share Of The Arbitration Filing Fee. A Binding Arbitration Request Form is attached to this **LIMITED WARRANTY**. **YOUR** Binding Arbitration Request Form must be received by **PWC** no later than ninety (90) days after the **WARRANTY PERIOD** expires. Please Note that while **YOU** have ninety (90) days after the **WARRANTY PERIOD** expires to file for arbitration, this time period does not extend the **WARRANTY PERIOD** for **CONSTRUCTION DEFECTS**. Additionally, no investigation, inspection, testing, repair, replacement, or payment, nor any promise of same by **US** under this **LIMITED WARRANTY**, nor any dispute resolution efforts, shall extend the term of this **LIMITED WARRANTY** or extend or toll any statutes of limitations or any of **YOUR** rights or remedies.

Step 2 The Arbitration Service Will Arrange For The Arbitration. The arbitrator or arbitration organization will notify **YOU** and **US** of the time, date and location of the arbitration hearing. If the dispute involves the allegation of a **CONSTRUCTION DEFECT** or **OUR** performance under this **LIMITED WARRANTY**, most often the hearing will be conducted at the **HOME** or, if applicable, the location of the **COMMON ELEMENTS**. Other disputes between **YOU** and **US** that are subject to arbitration, but which do not include a **CONSTRUCTION DEFECT** claim, may be scheduled for hearing at the **HOME** or another location within the county where the **HOME** is located. In scheduling the hearing the arbitrator will set a time and date that is reasonably convenient to all the parties.

Step 3 The Arbitration Hearing. The parties at the arbitration hearing will include the arbitrator, **YOU**, **US** and/or a third party designated by **YOU** or **US** or acting on **YOUR** or **OUR** behalf. Any party to the proceeding may be represented at the hearing. All persons who are parties to the arbitration, as well as representatives and witnesses, are entitled to attend hearings.

After evidence is presented by **YOU**, **US** or **YOUR** or **OUR** representatives, a decision will be rendered by the arbitrator. The decision is final and binding on **YOU** and **US**. The arbitrator may grant any remedy, including statutory remedies, and other relief that the arbitrator deems just and equitable and within the scope of this **LIMITED WARRANTY** or other applicable agreements.

The arbitrator will decide any dispute between the parties, as described above. Where a **CONSTRUCTION DEFECT** is alleged, the arbitrator will determine whether the alleged **CONSTRUCTION DEFECT** exists and whether it is **OUR** responsibility. If the arbitrator finds **US** responsible for a **CONSTRUCTION DEFECT**, **WE** shall be obligated to perform in accordance with **OUR Warranty Obligations** as described in **Section II** above.

In connection with a **CONSTRUCTION DEFECT** dispute, the arbitrator retains jurisdiction and authority to decide any dispute as to the required scope of repair and the cost to repair the **CONSTRUCTION DEFECT**. In deciding such disputes, the arbitrator considers the terms of this **LIMITED WARRANTY**, any third-party evaluations, binding bids for repair work supplied by either of the parties, any estimates of diminished fair market value, and such other information submitted by the parties and deemed relevant by the arbitrator. Except where otherwise directed by the arbitrator's award, the decision to repair, replace, or to make payment to **YOU** in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole option. The arbitrator will also render a decision as to any other claims, disputed matters or issues stated in the Binding Arbitration Request Form.

Step 4 **OUR** Arbitration Performance Obligations. If an arbitrator concludes that **WE** are responsible for a **CONSTRUCTION DEFECT**, **WE** will perform in accordance with the arbitrator's decision within sixty (60) days from the date of the award or such greater time as may be allowed by the arbitrator's decision. Delays caused by circumstances beyond **OUR** or **OUR** representative's control shall be excused.

Step 5 Disputes As To Compliance With The Award. If there is any dispute as to **OUR** compliance with an arbitrator's award, either party shall so inform **PWC** in writing at its mailing address specified in this **LIMITED WARRANTY**. **PWC** will mediate this dispute and if it cannot be resolved, either party may request a compliance inspection arbitration to decide the question of compliance with the arbitration award. If it is determined that **WE** have not properly performed, **WE** will be obligated to immediately

comply. As with the original arbitration award, any such subsequent arbitration rulings shall be enforceable by any court of competent jurisdiction.

VIII. General Conditions

A. Separation of This LIMITED WARRANTY From The Contract Of Sale

This **LIMITED WARRANTY** is separate and independent of the contract between **YOU** and **US** for the construction and/or sale of the **HOME** or transfer of the **COMMON ELEMENTS**. Except as otherwise expressly provided herein, the provisions of this **LIMITED WARRANTY** shall in no way be restricted or expanded by anything contained in the construction and/or sales contract or other documents between **YOU** and **US**.

B. Transfer to Subsequent HOMEOWNERS

This **LIMITED WARRANTY**, subject to all of its terms and conditions, including, but not limited to, its mandatory binding arbitration provision, will transfer to new owners of the **HOME** for the remainder of the **WARRANTY PERIOD**. **YOU** agree to provide this **LIMITED WARRANTY** to any subsequent purchaser of the **HOME** as a part of the contract of sale of the **HOME**. Please see the form "SUBSEQUENT HOME BUYER ACKNOWLEDGEMENT AND TRANSFER" contained at the end of this document.

C. Transfer of Manufacturer's Warranties

WE assign to **YOU** all the manufacturer's warranties on all appliances, fixtures and items of equipment that **WE** installed in the **HOME**. Should an appliance or item of equipment malfunction **YOU** must follow the procedures set forth in that manufacturer's warranty to correct the problem. **OUR** obligation under this **LIMITED WARRANTY** is limited to the workmanlike installation of such appliances and equipment. **WE** have no obligation for appliances and equipment defined as **CONSUMER PRODUCTS**.

D. Recovery Rights

If **WE** or a third party designated by **US** or acting on **OUR** behalf repairs, replaces or pays the cost to repair or replace **CONSTRUCTION DEFECT**, or other related damage to the **HOME** or the **COMMON ELEMENTS** covered by this **LIMITED WARRANTY**, or if **WE** elect to pay the diminished market value of the **HOME** in lieu of repair or replacement of a **CONSTRUCTION DEFECT**, **WE** are then entitled, to the extent of **OUR** cost or payment, to take over **YOUR** related rights of recovery from other people and entities, including but not limited to, other warranties and insurance. **YOU** have an obligation not to make it harder for **US** to enforce these rights. **YOU** agree to sign any papers, deliver them to **US**, and do anything else that is necessary to help **US** exercise **OUR** rights.

E. General Provisions

1. If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. The issue of enforceability, as well as all other issues, will be determined by Binding Arbitration as provided for in this **LIMITED WARRANTY**.
2. This **LIMITED WARRANTY** and the binding arbitration process are binding on **YOU** and **US**. It is also binding on **YOUR** and **OUR** heirs, executors, administrators, successors, and assigns.
3. As may be appropriate, the use of the plural in this **LIMITED WARRANTY** includes the singular, and the use of one gender includes all genders.

IX. Definitions

BUILDER means the individual, partnership, corporation or other entity which participates in the Warranty Program administered by the Professional Warranty Service Corporation and provides YOU with this **LIMITED WARRANTY**. Throughout this document the **BUILDER** is also referred to as "WE", "US" and "OUR".

COMMON ELEMENTS means the property as specified in the recorded Covenants, Conditions and Restrictions as common area and any other property as to which the **HOMEOWNERS ASSOCIATION** has standing under the law to make a claim. This may include, but is not limited to, streets, slopes, the structure or components of enclosure or other parts of the **HOME**, corridors, lobbies, vertical transportation elements, rooms, balconies, clubhouses or other spaces that are for the common use of the residents of the development in which the **HOME** is located. **SYSTEMS** serving two or more **HOMES**, and the outbuildings that contain parts of such **SYSTEMS** are also included in this definition.

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or injury other than:

- A. **OUR** cost to correct a **CONSTRUCTION DEFECT** including the correction of those surfaces, finishes and coverings damaged by the **CONSTRUCTION DEFECT**;
- B. **OUR** cost to repair or replace, at market value, furniture, carpet or personal property damaged by the **CONSTRUCTION DEFECT**;
- C. **OUR** cost to repair damage to the **HOME** which occurs in the course of **OUR** repair or replacement of a **CONSTRUCTION DEFECT**;
- D. The reasonable cost of the **HOMEOWNER'S** alternative shelter when the **HOME** is temporarily uninhabitable due to a **CONSTRUCTION DEFECT** and while the **HOME** is rendered uninhabitable by the work necessary to repair a **CONSTRUCTION DEFECT**.

Time YOU take off from work and/or YOUR inability to work from the **HOME** as a result of a **CONSTRUCTION DEFECT** or the repair/replacement of a **CONSTRUCTION DEFECT**, are among those damages considered "CONSEQUENTIAL OR INCIDENTAL DAMAGE" and are excluded under this **LIMITED WARRANTY**. Diminished fair market value of the **HOME** is also among those damages considered "CONSEQUENTIAL OR INCIDENTAL DAMAGE" and is excluded under this **LIMITED WARRANTY** notwithstanding that WE reserve the right to elect to pay YOU diminished fair market value in lieu of OUR repair, replacement or payment for the cost to repair or replace a **CONSTRUCTION DEFECT**.

CONSTRUCTION DEFECT(S) means a condition in the materials or workmanship used in constructing the **HOME** and/or the **COMMON ELEMENTS** that:

- materially affects the structural integrity of the **HOME** or the **COMMON ELEMENTS**; or
- has an obvious and material negative impact on the appearance of the **HOME** or the **COMMON ELEMENTS**; or
- jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**;
- or
- results in the inability of the **HOME** or the applicable **COMMON ELEMENTS** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

CONSUMER PRODUCT means any piece of equipment, appliance or other item that is a **CONSUMER PRODUCT** for purposes of the Magnuson-Moss Warranty Act (15 U.S.C. § 2301, et seq.) installed or included in the **HOME**. Examples of Consumer Products include, but are not limited to, dishwasher, garbage disposal, gas or electric cook-top, range, range hood, refrigerator or refrigerator/freezer combination, gas oven, electric oven, microwave oven, trash compactor, automatic garage door opener, clothes washer and dryer, hot water heater, solar water heater, solar water heating panels, furnace, boiler, heat pump, air conditioning unit, humidifier, thermostat, and security alarm system.

EMERGENCY CONDITION means an event or situation that creates the imminent threat of damage to the **HOME** or **COMMON ELEMENTS**, or results in an unsafe living condition due to a **CONSTRUCTION DEFECT** that YOU (or as applicable, the **HOMEOWNERS ASSOCIATION**) become aware of at a point in time other than OUR normal business hours and YOU were unable to obtain OUR or OUR authorized representative's

prior written approval to initiate repairs to stabilize the condition or prevent further damage.

HOME means a single family residence either attached or detached covered by this **LIMITED WARRANTY** and the land on which it sits, or a condominium or cooperative unit in a multi-unit residential structure/building covered by this **LIMITED WARRANTY**, and the land on which it sits, except to the extent such unit, structure/building or land is part of the **COMMON ELEMENTS**.

HOME BUILDER'S LIMITED WARRANTY means only this express warranty document provided to **YOU** by **US**.

HOMEOWNER means the first person(s) to whom a **HOME** (or a unit in a multi-unit residential structure/building) is sold, or for whom such **HOME** is constructed, for occupancy by such person or such person's family, and such person's(s') successors in title to the **HOME**, or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf, including any class representative or **HOMEOWNERS ASSOCIATION** making a claim in a representative capacity.

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the **COMMON ELEMENTS**.

POLLUTANTS means all solid, liquid, or gaseous irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, radon gas, and waste materials, including materials to be recycled.

PWC means Professional Warranty Service Corporation which administers the warranty program in which **WE** participate. As such, **PWC** assumes no other liabilities in connection with this **LIMITED WARRANTY**. The **PWC** mailing address is: Professional Warranty Service Corporation
P.O. Box 800 Annandale, VA 22003-0800

SYSTEMS means the following:

- (a) Plumbing system - gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; and water, gas and sewer services piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system.
- (b) Electrical system - all wiring, electrical boxes, switches, outlets, and connections up to the public utility connection.
- (c) Heating, Cooling, and Ventilation system - all duct-work; steam, water and refrigerant lines; and registers, connectors, radiation elements and dampers.

WARRANTY PERIOD shall commence on the date the title to the **HOME** is transferred to the first **HOMEOWNER**. Notwithstanding anything to the contrary set forth in this **LIMITED WARRANTY**, the **WARRANTY PERIOD** for the **COMMON ELEMENTS** of an individual structure/building commences on the date the title for the first **HOME** in the structure/building is transferred to the first **HOMEOWNER** or, as concerns clubhouses or outbuildings or other **COMMON ELEMENTS** not part of the **HOME**, the earlier of the date of substantial completion or the date title to these structures is transferred to the **HOMEOWNERS ASSOCIATION**. The dates the **WARRANTY PERIOD** begins and ends are indicated on the Limited Warranty Validation Form which is attached to and made part of this **LIMITED WARRANTY**.

WE, US, OUR means the **BUILDER**.

YOU, YOUR means the **HOMEOWNER** and the **HOMEOWNERS ASSOCIATION**.

BINDING ARBITRATION REQUEST FORM

Prior to requesting binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY, the initiating party should have sent the other party a clear and specific written request outlining the claim(s) or dispute(s) that are being submitted for decision through binding arbitration. If you have taken this step and believe the other party has not satisfactorily responded in accordance with the HOME BUILDER'S LIMITED WARRANTY, fill out this form and send it to PWC along with the arbitration filing fee. Be sure to attach a copy of all pertinent correspondence between you and the other party relative to the issue.

The information you need to fill out this form can be found on the Limited Warranty Validation Form. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Homeowner name(s): _____

Address: _____

CITY

STATE

ZIP

Home Phone : (_____) _____ Business Phone: (_____) _____

LIMITED WARRANTY #: _____ Date Warranty Period begins: _____

Builder's Name: _____

Address: _____

Business Phone: (_____) _____

Describe the dispute that you wish to submit to binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY. If the dispute is relative to a construction defect please include information on when the construction defect(s) first occurred or when you first noticed the construction defect. (Attach additional sheets, if necessary).

I/we are hereby requesting PWC to initiate a binding arbitration to resolve the dispute described herein above.

Signature

Date

Signature

Date

INSTRUCTIONS: Photo-copy this form and complete the fields.

Obtain the required arbitration filing fee by contacting PWC at 1-800/850-2799.

Send this Binding Arbitration Request Form and the arbitration filing fee to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P. O. BOX 800
ANNANDALE, VIRGINIA 22003-0800

SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND TRANSFER

Any coverage remaining under the HOME BUILDER'S LIMITED WARRANTY applicable to the home specified on the Limited Warranty Validation Form is transferred to the subsequent homeowner.

The undersigned home buyer(s) hereby acknowledge and agree:

I/we acknowledge that I/we have reviewed, understand and agree to all the terms of the HOME BUILDER'S LIMITED WARRANTY document (PWC Form No. 117).

I/we understand and acknowledge that Professional Warranty Service Corporation ("PWC") is not the warrantor of the HOME BUILDER'S LIMITED WARRANTY.

I/we understand that I/we am/are responsible for the maintenance of the home including maintenance of the grade of the land surrounding the home, and that the Builder shall not be responsible for any defect or damage to the home which is the result of my/our failure to maintain the home.

I/we acknowledge and agree to the Binding Arbitration Procedure contained in the HOME BUILDER'S LIMITED WARRANTY.

Signature(s) of Subsequent Home Buyer(s): _____ Date: _____

_____ Date: _____

Print above name(s): _____

Re-issuance of the Limited Warranty Validation Form with the name(s) of the new Home Buyer(s) is not necessary for you to receive the coverage remaining under the HOME BUILDER'S LIMITED WARRANTY. Upon receipt of this signed form, PWC will update its records to reflect the name(s) of the new homeowner(s). If you want PWC to issue another Limited Warranty Validation Form with your name(s) on the form, please check the box below and send a check in the amount of \$20.00 made payable to "PWC" with your submission of this form.

YES, re-issue the Limited Warranty Validation Form in the above name(s) ☐ (check box) Initial _____

Address of Home: _____

Limited Warranty No.: _____

INSTRUCTIONS: Photo-copy this form. Provide information requested, sign, fill in Limited Warranty # in the space provided (this number is provided on the Limited Warranty Validation Form), and provide a telephone number where you can be reached (_____) _____. If you want the Limited Warranty Validation Form reissued in your name, enclose your check to PWC in the amount of \$20.00 (check box above and initial). To reach PWC by phone, call: 1-800/850-2799.

Mail this form and a photocopy of applicable settlement/closing documents indicating transfer of title, to:

PROFESSIONAL WARRANTY SERVICE CORPORATION P.O. BOX 800 ANNANDALE, VA 22003-0800

EXHIBIT "M"

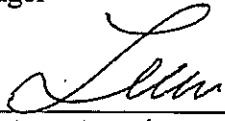
KAMANI AT KEHALANI (PHASE 12)
CONDOMINIUM PROJCT

The undersigned Developer hereby declares, subject to the penalties set forth in Hawaii Revised Statutes §514B-54(a)(8), §205, including §205-4.6, where applicable, §514B-5, §514B-32(a)(13) and 514B-83(a)(7), that the condominium project known as Kamani at Kehalani – Phase 12 (the "Project") is in compliance with all zoning and building ordinance and codes of the County of Maui and all other permitting requirements of the County of Maui applicable to the Project.

HBT OF KEHALANI LLC

By TOWNE DEVELOPMENT OF HAWAII,
INC., a Hawaii corporation
Its Manager

By



Lesli Lawton
Its Vice President

Date: Feb. 20, 2019

DAVID C. GOODE
Director



GLEN A. UENO, P.E., P.L.S.
Development Services Administration

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

August 10, 2018

Lesli Lawton
c/o Bradford R Ing
2145 Wells Street
Suite 204
Wailuku, Hawaii 96793

SUBJECT: MISCELLANEOUS INSPECTIONS #MISC 2018/0045, #MISC 2018/0046
#MISC 2018/0047, #MISC 2018/0048, #MISC 2018/0049 & #MISC
2018/0050
KAMANI AT KEHALANI
LOCATED AT HOOLAU STREET, WAILUKU, HAWAII
TMK: (2) 3-5-001:009

Dear Ms. Lawton:

This is regarding your May 25, 2018, requests for miscellaneous inspections on Unit #99 (Unit A), Unit #100 (Unit B), Unit #85 (Unit C), Unit #86 (Unit D), Unit #3 (Unit E) and Unit #4 (Unit F).

MISC 2018/0045: UNIT #99 (UNIT A)
MISC 2018/0046: UNIT #100 (UNIT B)
MISC 2018/0047: UNIT #85 (UNIT C)
MISC 2018/0048: UNIT #86 (UNIT D)
MISC 2018/0049: UNIT #3 (UNIT E)
MISC 2018/0050: UNIT #4 (UNIT F)

We conducted building, electrical, and plumbing inspections and found the structures to be in general compliance with applicable building, electrical, and plumbing codes.

OTHER COMMENTS:

1. There are no building code appeals, administrative waivers, or pending subdivisions on record currently in process for the premises.

Lesli Lawton

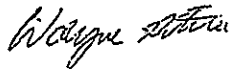
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2. We recommend that you contact the Department of Planning to verify if there are any variances, or if the existing or proposed uses are legally permitted. Planning should also be contacted if a verified statement is required confirming that the project as described in the project's declaration, condominium map, bylaws, and house rules does not include any restrictions limiting agricultural activities.
3. We were unable to inspect any of the concealed building, electrical, and plumbing work.
4. Temporary offices should be returned to garages when sales offices are no longer needed.

If you have any questions regarding this letter, please contact Leilani Carvalho at 270-7375.

Sincerely,



cc: > GLEN A. UENO
Development Services Administrator

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c: Real Property Tax Division