

**AMENDMENT 1 TO SECOND AMENDED
DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM**

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| CONDOMINIUM PROJECT NAME: | KOLOA LANDING AT POIPU BEACH – PHASE I (Report covers Phase I consisting of 86 of 329 units) |
| PROJECT ADDRESS: | 2641 Poipu Road Koloa, Hawaii 96756 |
| REGISTRATION NUMBER: | 6174 |
| EFFECTIVE DATE OF REPORT: | February 1, 2010 |
| THIS AMENDMENT: | <input checked="" type="checkbox"/> Must be read together with <input type="checkbox"/> Developer's Public Report dated _____ <input checked="" type="checkbox"/> Second Amended Report dated <u>November 10, 2009</u> <input type="checkbox"/> Supersedes all prior amendments: Includes all prior amendment(s) and must be read together with <input type="checkbox"/> Developer's Public Report dated _____ <input type="checkbox"/> Amended Report dated _____ |
| DEVELOPER(S): | Poipu Beach Villas, LLC |

Preparation of this Amendment

The Developer prepared this amendment pursuant to the Condominium Property Act, Section 514B-56, Hawaii Revised Statutes (HRS), as amended from time to time. Section 514B-56, HRS, requires that after the Commission has issued an effective date for the Developer's Public Report, if there are any changes, either material or pertinent changes, or both, regarding the information contained in or omitted from the Developer's Public Report, or if the developer desires to update or change the information set forth in the Developer's Public Report, the developer shall immediately submit to the Commission an amendment to the Developer's Public Report or an amended Developer's Public Report clearly reflecting the change, together with such supporting information as may be required by the Commission, to update the information contained in the Developer's Public Report.

The law defines "material change" as used in parts IV and V of Chapter 514B, HRS means 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 law defines "pertinent change" to mean, as determined by the commission, a change not previously disclosed in the most recent public report that renders the information contained in the public report or in any disclosure statement inaccurate, including, but not limited to (1) The size, construction materials, location, or permitted use of a unit or its appurtenant limited common element; (2) The size, use, location, or construction materials of the common elements of the project; or (3) The common interest appurtenant to the unit. A pertinent change does not necessarily constitute a material change.

The filing of an amendment to the Developer's Public Report or an amended Developers Public Report, in and of itself, shall not be grounds for a purchaser to cancel or rescind a sales contract. A purchaser's right to cancel or rescind a sales contract shall be governed by sections 514B-86 and 514B-87, HRS, the terms and conditions of the purchaser's contract for sale, and applicable common law.

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at (808) 586-2643 to submit your request.

This Amendment has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this amendment to the 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, material changes, or pertinent changes 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.

The law defines "material facts" to mean any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale.

This amendment may be used by the Developer for promotional purposes only if it is used with the last Developer's Public Report in its entirety.

Prospective purchasers and purchasers are encouraged to read this amendment carefully and to seek professional advice.

Summary of Changes from Earlier Developer's Public Report are Described Beginning on the Next Page

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Summary of Changes from Earlier Developer's Public Report:

This summary contains a general description of the changes, if any, made by the developer since the last Developer's Public Report was issued an effective date. It is not necessarily all inclusive. Prospective purchasers and purchasers must read this amendment together with the last Developer's Public Report with the effective date as noted on the top of page 1 if they wish to know the specific changes that have been made.

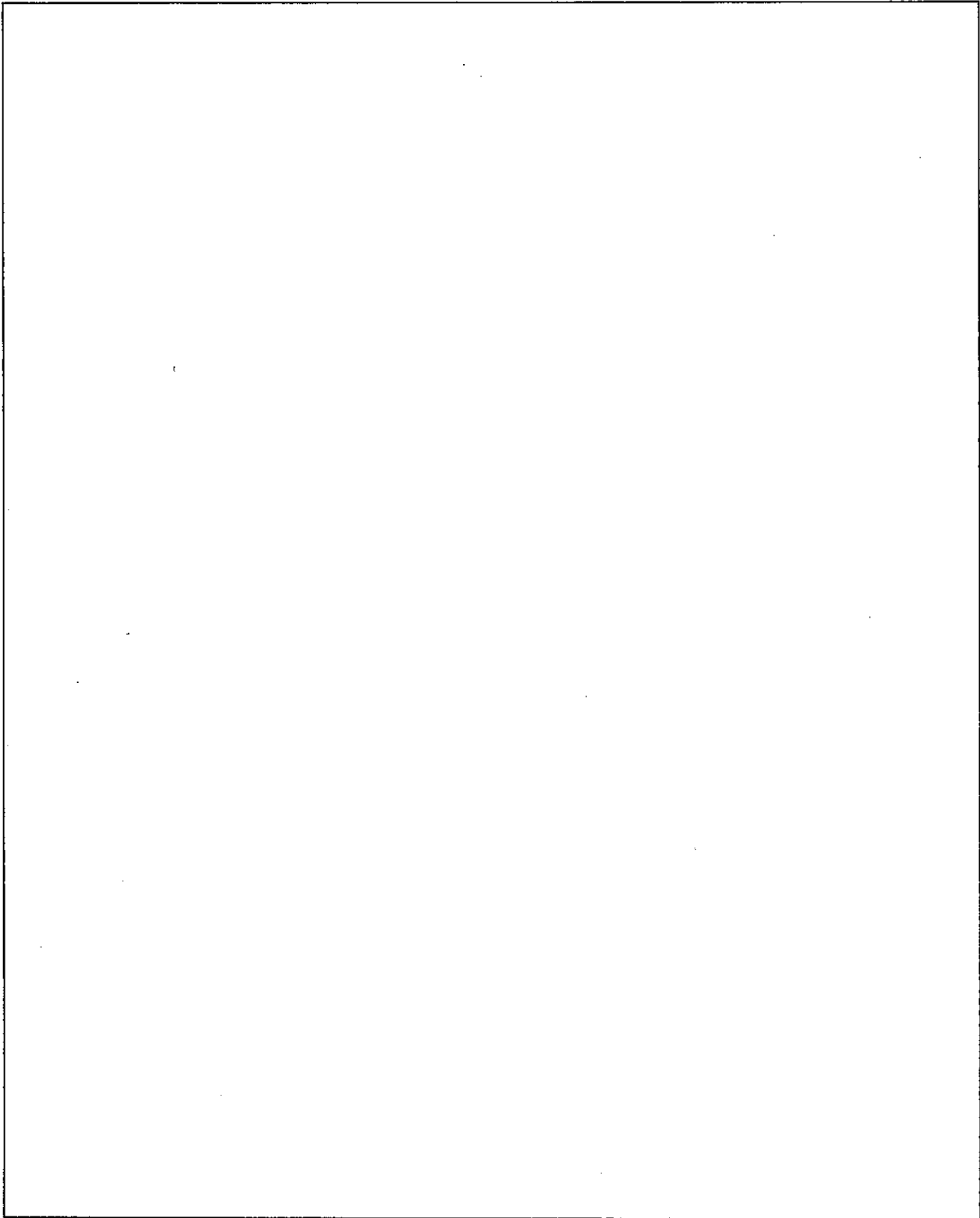
Changes made are as follows (include a description of what the change is and page number and or exhibit alphabet or number; additional pages may be used):

Developer is filing this Amendment 1 to Second Amended Public Report to meet the statutory requirements for use of Purchaser's funds to pay projects costs, pursuant to Hawaii Revised Statutes, Section 514B-92.

IMPORTANT NOTICE REGARDING YOUR DEPOSITS: Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay projects 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.

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Changes continued:



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The Developer declares subject to the penalties set forth in Section 5148-69, HRS that this project continues to conform 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 5148-5 and 32(a) (13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report as amended, 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 as amended, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

The Developer hereby certifies that all the information contained in this report as amended and the exhibits attached to this report (if any) as amended and all documents to be furnished by the Developer to purchasers concerning the project have been reviewed by the Developer and are, to the best of the Developer's knowledge, information and belief, true, correct and complete. The Developer hereby agrees promptly to amend this report as amended 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 as amended at least 30 days prior to the anniversary date of the effective date of this report.

POIPU BEACH VILLAS, LLC,
a Hawaii limited liability company

By Poipu Beach Management, LLC,
a Hawaii limited liability company
Its Manager

By Kent B. England
Name: Kent B. England
Its: President

12-29-2009
Date

Distribution:

Department of Finance, County of Kauai

Planning Department, County of Kauai

***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.**

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1.9 Common Elements

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| <p>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.</p> | |
| <p>Described in Exhibit "D"</p> | |
| <p>Described as follows:</p> | |
| Common Element | Number |
| Elevators | Phase I: 11 Total Project: 42 |
| Stairways | Phase I: 22 Total Project: 84 |
| Trash Chutes | 0 |

1.10 Limited Common Elements

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| <p>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.</p> |
| <p>Described in Exhibit "E"</p> |
| <p>Described as follows:</p> |

1.11 Special Use Restrictions

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| <p>The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.</p> | |
| <input checked="" type="checkbox"/> | Pets: As set forth in the House Rules |
| <input checked="" type="checkbox"/> | Number of Occupants: As set forth in the House Rules |
| <input checked="" type="checkbox"/> | Other: See Exhibit "F" for Special Use Restrictions |
| <input type="checkbox"/> | There are no special use restrictions. |

1.12 Encumbrances Against Title

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| <p>An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).</p> |
| <p>Exhibit "G" describes the encumbrances against title contained in the title report described below.</p> |
| <p>Date of the title report: December 23, 2009</p> |
| <p>Company that issued the title report: Title Guaranty of Hawaii, Inc.</p> |

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

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

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

EXHIBIT "G"

ENCUMBRANCES AGAINST TITLE

1. Real property taxes that may be due and payable. For more information contact County of Kauai, Department of Finance, Real Property Tax Division.
2. Stipulation and Decree dated June 7, 1951, filed in the Circuit Court of the Fifth Circuit, State of Hawaii, Equity No. 144, filed as Land Court Document No. 135050, re: to receive water from the Konohiki of the Ahupuaa of Koloa in a constant stream in the amount of 45,000 gallons per day.
3. Unrecorded License Agreement dated December 1, 1994 in favor of POIPU KAPILI ASSOCIATION OF APARTMENT OWNERS, an unincorporated condominium association, as set forth in Deed dated December 12, 1996, filed as Land Court Document No. 2357022.

4. The terms and provisions contained in the following:

INSTRUMENT : LIMITED WARRANTY DEED WITH COVENANTS, RESERVATIONS,
RESTRICTIONS ON SALE AND DISCLOSURES

DATED : November 2, 2000
FILED : Land Court Document No. 2662386
RECORDED : Document No. 2000-155601

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

5. Archaeological sites disclosed by the Archaeological Report dated June 2004 that are not resolved in accordance with the recommendations contained in said Report.

6. The terms and provisions contained in the following:

INSTRUMENT : AMENDED AND RESTATED DECLARATION OF CONDOMINIUM
PROPERTY REGIME FOR "KOLOA LANDING AT POIPU BEACH"
CONDOMINIUM PROJECT

DATED : September 6, 2007
FILED : Land Court Document No. 3673430
MAP : 1878 and any amendments thereto

The foregoing Amended and Restated Declaration of Condominium Property Regime restates the original Declaration dated March 14, 2007, filed as Land Court Document No. 3575729, and any amendments thereto.

Said Amended and Restated Declaration was amended by instrument dated May 2, 2008, filed as Land Court Document No. 3743269.

7. The terms and provisions contained in the following:

INSTRUMENT : AMENDED AND RESTATED BYLAWS OF ASSOCIATION OF KOLOA
LANDING AT POIPU BEACH

DATED : September 6, 2007
FILED : Land Court Document No. 3673431

The foregoing Amended and Restated Bylaws restates the original Bylaws dated March 14, 2007, filed as Land Court Document No. 3575730, and any amendments thereto

8. DESIGNATION OF EASEMENT "119"

PURPOSE : pedestrian and vehicular ingress and egress
SHOWN : on Map 116, as set forth by Land Court Order No. 171951, filed on September 6, 2007

9. DESIGNATION OF EASEMENT "120"

PURPOSE : pedestrian and vehicular ingress and egress, landscaping, and utility
SHOWN : on Map 116, as set forth by Land Court Order No. 171951, filed on September 6, 2007

10. RESTRICTION OF VEHICLE ACCESS RIGHTS

ALONG : Poipu Road
SHOWN : on Map 116, as set forth by Land Court Order No. 171951, filed on September 6, 2007

11. SETBACK (8 feet wide)

PURPOSE : road widening reserve
ALONG : Kapili Road
SHOWN : on Map 116, as set forth by Land Court Order No. 171951, filed on September 6, 2007

12. GRANT

TO : HO'ONANI ROAD LLC, dba STEP INTO LIQUID, a Colorado limited liability company
DATED : March 28, 2007
FILED : Land Court Document No. 3641260
GRANTING : a perpetual, nonexclusive easement for (i) pedestrian and vehicular ingress and egress, (ii) landscaping, and (iii) utility purposes over, across and upon Easement "120" as shown on Map 116 Land Court Application No. 956

13. GRANT

TO : JOSEPHINE M. GAMPON, as Trustee of the Jose Marquez Land Trust, and JOSEPHINE M. GAMPON as Trustee of the Ambrocia Gampon Marquez Land Trust, both with full powers to sell, lease, or otherwise deal with the land
DATED : April 18, 2007
FILED : Land Court Document No. 3641263
GRANTING : a perpetual, nonexclusive easement for pedestrian and vehicular ingress and egress purposes over, across and upon Easement "119" as shown on Map 116 Land Court Application No. 956

14. The terms and provisions contained in the following:

INSTRUMENT : WAIVER, RELEASE AND INDEMNITY AGREEMENT
DATED : April 1, 2008
RECORDED : Document No. 2008-074920

- PARTIES : POIPU BEACH VILLAS, LLC, a Hawaii Limited Liability Company (Applicant) and the DEPARTMENT OF WATER, COUNTY OF KAUAI, a political subdivision of the State of Hawaii (Department of Water)
15. GRANT
- TO : GUERINO RASMAN and JULIANNA VIKTORIA RASMAN, husband and wife, and GERALD CARLO RASMAN, unmarried
- DATED : August 18, 2008
FILED : Land Court Document No. 3789263
GRANTING : a perpetual, nonexclusive easement for (i) pedestrian and vehicular ingress and egress, and (ii) utility purposes over, across and upon Easement "120" as shown on Map 116 Land Court Application No. 956
16. GRANT
- TO : POIPU BEACH VILLAS LLC, a registered Hawaii limited liability company
- DATED : September 15, 2008
FILED : Land Court Document No. 3790304
GRANTING : a perpetual, nonexclusive easement for pedestrian and vehicular ingress and egress purposes, over across and upon Easement "119" as shown on Map 116 Land Court Application No. 956
17. Any rights or interests which may exist or arise by reason of the following facts shown on survey map prepared by Dennis M. Esaki, Land Surveyor, with Esaki Surveying & Mapping, Inc., dated August 20-23, 2008:
- Wall at Southwest side bordering Lot 110.
18. KOLOA LANDING AT POIPU BEACH CONDOMINIUM FRONT DESK UNIT LEASE AND AGREEMENT dated June 30, 2009, entered into between POIPU BEACH VILLAS, LLC, as Lessor, and AZUL HAWAII RESORTS-KOLOA, LLC, as Lessee.
- SUBORDINATION AGREEMENT
- DATED : as of November 20, 2009
RECORDED : Document No. 2009-183643
- Subordinates said above Lease to the lien of that certain Mortgage filed as Land Court Document No. 3919075.
19. CONSTRUCTION MORTGAGE WITH ABSOLUTE ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING
- MORTGAGOR : POIPU BEACH VILLAS, LLC, a Hawaii limited liability company
- MORTGAGEE : ZIONS FIRST NATIONAL BANK, a National Banking Association
- DATED : as of November 20, 2009
FILED : Land Court Document No. 3919075
AMOUNT : \$49,000,000.00

20. The terms and provisions contained in the following:

INSTRUMENT : ASSIGNMENT OF LEASES AND RENTS

DATED : as of November 20, 2009

RECORDED : Document No. 2009-181363

PARTIES : POIPU BEACH VILLAS, LLC, a Hawaii limited liability company,
"Borrower", and ZIONS FIRST NATIONAL BANK, a national banking
association, "Lender"

RE : to secure the repayment of the principal sum of \$49,000,000.00

