

HEATHERS II VOTING & DUES AGREEMENT

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VOTING AND DUES AGREEMENT FOR HEATHERS II

This Voting and Dues Agreement is made as of this 14th day of October, 2005, by and between KOHALA RANCH DEVELOPMENT CORP., a Hawaii corporation ("Developer") and KOHALA RANCH COMMUNITY ASSOCIATION, a Hawaii non-profit corporation (the "Association") with respect to the following facts.

Recitals:

A. Developer is the owner of that certain real property, consisting of approximately 74.221 acres, located in North Kohala, Hawaii, and more particularly described on Exhibit A attached hereto ("Heathers II"), which Developer intends to subdivide and annex in one or more phases to the property that is subject to that certain Kohala Ranch Declaration of Covenants, Conditions, and Restrictions dated October 4, 1985, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1327679, as amended from time to time (the "Declaration").

B. The Declaration imposes upon the Association certain responsibilities for maintaining the roads and common landscaping within the property that is subject to the Declaration.

C. Upon annexation of Heathers II, or any portion thereof, to the property that is subject to the Declaration, Developer and the Association desire to defer the transfer of certain maintenance responsibilities from the Developer to the Association, to defer the assessments of lots within Heathers II by the Association, and to suspend Association voting rights of the lots within Heathers II, all as provided herein.

NOW, THEREFORE, in consideration of the mutual promises of Developer and the Association set forth herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Developer and Association hereby agree as follows:

Agreement:

1. Deferred Transfer of Maintenance Responsibility. Following annexation of any phase of Heathers II to the property that is subject to the Declaration, Developer shall continue to maintain each road in Heathers II and any common landscaping adjacent to such road until Developer transfers the maintenance for a particular road to the Association. Provided the particular road is in good condition without any apparent need for maintenance or repair, Developer may transfer the maintenance obligations for such road to the Association at such time as Developer may elect, in Developer's reasonable discretion, and following such transfer by Developer, the Association shall

be fully responsible for the maintenance of that road, including adjacent Common Area and common landscaping. Developer's election to transfer the maintenance obligations to the Association shall be in a separate written notice from Developer to the Association so stating, and the deed transferring title of the roadway lot to the Association shall not, by itself, constitute such election.

2. Deferral of Assessments. No Lot in Heathers II shall be assessed for any regular or special assessment imposed by the Association until the earliest of (i) the first day of the first full calendar month following the closing on the sale of the particular Lot to a party other than Developer or its affiliates, (ii) the date of transfer to the Association of the maintenance obligation for the road on which such Lot fronts, and (iii) October 14, 2007. The Association shall not be obligated to furnish maintenance or other services to any portion of Heathers II until Developer transfers the maintenance responsibility for the roads and other Common Areas in that portion to the Association and, in accordance with Section 5.09 of the Declaration (as stated in the First Amendment and Restatement thereof), all the Lots in that portion commence being assessed by the Community Association.

3. Deferral of Voting Rights. Developer waives its rights as an Owner of any of the Lots in Heathers II to cast any votes attributable to its Heathers II Lots at any meeting of the Association or otherwise on any Association business until such time as the particular Lot is subject to assessment by the Association, as provided herein. Any purchaser of a Lot from Developer shall have the right to vote on any Association business from and after the first day of the first full month following the date the Lot is transferred to such purchaser.

4. Modification. This Agreement may not be modified, amended or otherwise changed in any manner, except by a written amendment executed by both parties hereto, or their respective successors in interest.

IN WITNESS WHEREOF, Developer and Association have executed this Voting and Dues Suspension Agreement as of the day and year first above stated.

"Developer": KOHALA RANCH DEVELOPMENT CORP.,
a Hawaii corporation

By: William Moore
William Moore, Vice President

“Association”:

KOHALA RANCH COMMUNITY ASSOCIATION,
a Hawaii non-profit corporation

By: Michael B. Fisher

Its Board President

EXHIBIT A

All of that certain parcel of land situate at Kahua 1st, Kahua and Waika, District of North Kohala, Island and County of Hawaii, State of Hawaii, being portions of the lands described in Transfer Certificate of Title No. 757,223 and more particularly described as follows:

Lot 557, 74.221 acres, more or less, as shown on Map 56, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Consolidation No. 117 of Kahua Ranch, Limited.