

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer CP Aloha Surf, LLC
Address 1000 Sansome Street, Suite 180, San Francisco, California 94111

Project Name (*): ALOHA SURF HOTEL
Address: 444 Kanekapolei Street, Honolulu, Hawaii 96815

Registration No. 1099 Effective date: March 18, 2005
(Converted 1981) Expiration date: April 18, 2006

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports: Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

PRELIMINARY: The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed. (yellow)

FINAL: The developer has legally created a condominium and has filed complete information with the Commission. (white)
[] No prior reports have been issued.
[] This report supersedes all prior public reports.
[] This report must be read together with

SECOND SUPPLEMENTARY: This report updates information contained in the: (pink)
X [X] Preliminary Public Report dated: April 25, 1979
[X] Final Public Report dated: November 12, 1981
[X] Supplementary Public Report dated: January 19, 1981

And [X] Supercedes all prior public reports.
[] Must be read together with
[] This report reactivates the public report(s) which expired on

(*) Exactly as named in the Declaration

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

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[] Required and attached to this report [X] Not Required – Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

[] No prior reports have been issued by the developer.

[X] Changes made are as follows:

1. New Developer. CP Aloha Surf, LLC, a Hawaii limited liability company, is the new developer and owner of all of the units in the Project, except Apartments 1410 and 1411. Developer obtained its interest in the Project on December 28, 2004.
2. Redesignation of Residential Apartments. In keeping with the original permitting and use of the Project improvements since construction, the apartments designated as “Residential Apartments” in the original unamended Declaration of Horizontal Property Regime for Aloha Surf Hotel (the “Original Declaration”) have been redesignated as “Hotel Apartments”, as set forth in the Second Amendment To Declaration of Horizontal Property Regime for Aloha Surf (the “Second Amendment”). References in this Report to the “Declaration” are to the Original Declaration, as amended.
3. Clarification of Units With Kitchens. Consistent with the original construction plans for the Project and the Condominium Map, the descriptions of penthouse apartments PH-A to and including PH-G and PH-J, have been corrected to add a kitchen area to the description of these apartments.
4. Additional Easements. The Second Amendment grants additional easements to those in the Original Declaration, including (a) an easement in favor of developer, over, under and upon the Project to conduct repairs in the apartments and the Improvements of the Project and to correct defects therein, as may be reasonably necessary or appropriate in developer’s sole discretion; (b) a nonexclusive easement in favor of commercial apartment HC-1 in, over, under and upon the common elements as may be reasonably necessary or desirable for the operation, maintenance and support of transient vacation rental and hotel operations; (c) a nonexclusive easement in favor of owners over an existing corridor through commercial apartment C-3 for access to and from the front lobby and common element deck area abutting commercial apartment C-8 of the Project; (d) a nonexclusive easement in favor of owners over a portion of commercial apartment C-8 for access to and from the porte cochere area and the common element deck area of the Project; (e) a nonexclusive easement in favor of owners, to be exercised by the Board, for direct access to the common element telephone equipment, including termination boxes and conduits, located in commercial apartment C-9, for purposes of repair, maintenance, and replacement of such equipment; and (f) to and until December 31, 2015, an exclusive easement in favor of developer, its agents, employees, consultants, contractors, licensees, successors and assigns, over, under and upon the Project, to create and cause noise, dust and other nuisances created by and resulting from any work connected with or incidental to the refurbishment and sale of any apartment or other improvements in the Project.
5. Purpose and Use. To developer’s knowledge, no violations concerning the hotel use of the Building have been issued by the City and County of Honolulu (“County”) and the Building has been operated as a legal non-conforming hotel. The current zoning for the Project does not permit hotel use, nor does the percentage of lodging units (units without kitchens) to dwelling units (units with kitchens) comply with the current definition of a hotel under the Land Use Ordinances for the County (“LUO”). If the existing nonconformity were increased, the hotel use would become unlawful under the current LUO. As a result, the use provisions for the apartments have been extensively modified to restrict use and operation of the apartments to continue the status of the Project as a legal nonconforming hotel.
6. No Time Sharing. A Supplemental Declaration of Covenants, Conditions and Restrictions for Aloha Surf Hotel dated April 30, 1982 (“Timeshare Declaration”) was filed by the original developer establishing a time share plan for the Project. Notwithstanding, time sharing is expressly prohibited under the Second

7. Amendment and developer is appointed the attorney-in-fact for owners and any holders of liens affecting the Project to affect cancellation or withdrawal of the Timeshare Declaration.
8. Certain Apartments Subject To Residential/Time Share Ownership Deed Restrictions. Aloha Surf Hotel Apartment Deeds made by A.S.H. Partners, the original developer of the Project, and Glen Okada, as Trustee in Bankruptcy for A.S.H. Partners (collectively, the "Deeds"), restrict certain apartments to "residential use" or "time-sharing ownership". These deed restrictions pertain to hotel apartments 218, 704, 1410, 1411, 1509 and PH-C (collectively, the "Restricted Apartments"). Seller does not own and, therefore, will not be offering apartments 1410 and 1411 for sale. Regardless of the hotel use permitted in the Declaration, the Restricted Apartments may be limited to "residential use" pursuant to the Deeds, and will be prohibited from time sharing as set forth in the Second Amendment.
9. Discrepancies in Commercial Apartments C-5, C-6, and C-3 as Depicted on Condominium Map. A previous owner of commercial apartments C-5 and C-6 removed the party wall between the apartments. Removal of the wall is not depicted on the Condominium Map. Paragraph O of the Original Declaration and the paragraph O of the Second Amendment both permit removal of a party wall between two commonly owned adjacent apartments without, in the case of commercial apartments, reflecting such modification by amendment to the Declaration and/or Condominium Map, provided that prior to termination of the common ownership of these adjacent apartments, the owner restores the party wall to substantially the same condition in which the same existed prior to alteration or removal.

A wall has been constructed within commercial apartment C-3 to create a corridor, approximately 3 feet, 6 inches wide, between such wall and commercial apartment C-4. The subject wall and corridor are not depicted on the Condominium Map. Pursuant to paragraph D.8 of the Declaration, each apartment has a nonexclusive easement over the corridor, through commercial apartment C-3, for access to and from the front lobby and common element deck area abutting commercial apartment C-8 of the Project. Paragraph O of the Second Amendment does not require the owner of commercial apartment C-3 to amend the Declaration and/or the Condominium Map to reflect construction of the interior wall in the apartment so long as the entries to such corridor remain unsealed for purposes of the nonexclusive easement provided in paragraph D.8 of the Declaration.
10. Bylaws Restated. The Bylaws for the Project have been amended and restated in their entirety to comply with the current provisions of the Condominium Property Act (Chapter 514A, HRS).

THE ABOVE-DESCRIBED CHANGES COVER SOME, BUT NOT ALL, OF THE CHANGES TO THE PRIOR PUBLIC REPORTS ISSUED FOR THE PROJECT. COPIES OF THE PRIOR PUBLIC REPORTS FOR THE PROJECT, WHICH HAVE EXPIRED, ARE AVAILABLE FROM THE REAL ESTATE COMMISSION AND PROSPECTIVE PURCHASERS ARE ENCOURAGED TO REVIEW THE PRIOR REPORTS AND THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS REPORT FOR FURTHER INFORMATION WITH REGARD TO CHANGES TO THE PROJECT.

SPECIAL ATTENTION

1. THIS REPORT DOES NOT CONSTITUTE APPROVAL OF THE PROJECT BY THE REAL ESTATE COMMISSION, OR ANY OTHER GOVERNMENT AGENCY, NOR DOES IT ENSURE THAT ALL APPLICABLE COUNTY CODES, ORDINANCES AND SUBDIVISION REQUIREMENTS HAVE BEEN COMPLIED WITH.
2. CONSTRUCTION OF THE PROJECT IMPROVEMENTS WAS COMPLETED IN 1967; THEREFORE, THE IMPROVEMENTS ARE IN EXCESS OF THIRTY-FIVE (35) YEARS OLD. CERTAIN MECHANICAL, ELECTRICAL, AND PLUMBING INSTALLATIONS AND SYSTEMS, INCLUDING WITHOUT LIMITATION, AIR-CONDITIONING EQUIPMENT, PIPING INSULATION, DUCTS ETC. WILL HAVE TO BE REPAIRED AND OR REPLACED IN THE FUTURE. THE DEVELOPER HAS OBTAINED A RESERVE STUDY PREPARED BY ARMSTRONG CONSULTING, INC. SETTING FORTH THE REMAINING USEFUL LIVES AND ESTIMATED REPLACEMENT COSTS OF VARIOUS COMPONENTS OF THE PROJECT. PROSPECTIVE PURCHASERS SHOULD REVIEW THE RESERVE STUDY IN FULL. A SUMMARY OF THE RESERVE STUDY IS ATTACHED TO THIS REPORT AS EXHIBIT "L"; HOWEVER, OWNERS MAY OBTAIN A COPY OF THE RESERVE STUDY FROM THE PROJECT BROKER. OWNERS OF APARTMENTS IN THE PROJECT WILL HAVE TO FUND RESERVES TO PAY FOR THE REPLACEMENT

OF THE ITEMS SET FORTH IN THE RESERVE STUDY AND ANY OTHER COSTS INCURRED IN THE PROJECT. THE DEVELOPER MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER REGARDING THE ESTIMATED USEFUL LIVES OF PROJECT COMPONENTS OR THE REPLACEMENT COST ESTIMATES SET FORTH IN THE RESERVE STUDY.

3. THE DEVELOPER HAS DISCLOSED THAT THE APARTMENTS IN THE PROJECT WILL BE OFFERED AND SOLD **WITHOUT WARRANTIES** FROM THE DEVELOPER AS TO THE HABITABILITY, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR USE OR PURPOSE, WORKMANSHIP, MATERIALS, OR DEFECTS OF ANY KIND AND WITHOUT ANY OTHER EXPRESS OR IMPLIED WARRANTIES WITH REGARD TO THE APARTMENT AND ANY FURNISHINGS, FIXTURES OR APPLIANCES IN APARTMENT, THE PROJECT OR ANY OF THE COMMON ELEMENTS OR LIMITED COMMON ELEMENTS. EACH APARTMENT SHALL BE SOLD BY THE DEVELOPER AND ACCEPTED BY THE PURCHASER STRICTLY IN **"AS IS"** **"WHERE IS"** CONDITION AS OF THE DATE OF CLOSING. NO REPRESENTATIONS OF ANY KIND ARE MADE ABOUT INCOME POTENTIAL OR FINANCIAL BENEFITS FROM OWNERSHIP.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW PAGES 20 THROUGH 20P HEREOF AND THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. 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 or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenant) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

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

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgage or encumbered, and may be disposed of by will, gift or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment 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 an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: CP Aloha Surf, LLC, a Hawaii limited liability company Phone: (415) 273-2900
Name* 1000 Sansome Street, Suite 180 (Business)
Business Address San Francisco, California 94111

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

CP Investment Fund, L.P., a Delaware limited partnership, Its Manager and Sole Member

Real Estate Broker*: Coldwell Banker Pacific Properties, Ltd. Phone: (808) 596-0456
Name 1314 South King Street, 2nd Floor (Business)
Business Address Honolulu, Hawaii 96814
(Attn: Kai McDurmin)

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0211
Name 235 Queen Street, First Floor (Business)
Business Address Honolulu, Hawaii 96813
(Attn: Carol Armstrong)

General Contractor*: N/A Phone: (Business)
Name
Business Address

Condominium Managing Agent*: Aqua Hotels & Resorts, LLC Phone: (808) 922-9300
Name 1700 Ala Moana Boulevard (Business)
Business Address Honolulu, Hawaii 96815
(Attn: Michael Paulin)

Attorney for Developer: Imanaka Kudo and Fujimoto Phone: (808) 521-9500
Name 745 Fort Street, 17th Floor (Business)
Business Address Honolulu, Hawaii 96813
(Attn: Mitchell A. Imanaka Paula W. Chong)

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominiums Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. 1091509

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

1. First Amendment To The Declaration of Horizontal Property Regime of the Aloha Surf Hotel And the By-Laws of the Association of Apartment Owners of The Aloha Surf Hotel dated August 1, 1990, filed as Land Court Document No. 1817792, and
2. Second Amendment To Declaration of Horizontal Property Regime of Aloha Surf Hotel; Grant of Power of Attorney; Reservation of Rights dated January 18, 2005, filed as Land Court Document No. 3241045.

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. _____
 Filed - Land Court Condo Map No. 468

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]: N/A

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment 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 which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. 3241046

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]: The Amended and Restated Bylaws of The Association of Apartment Owners of Aloha Surf Hotel referred to above, restates the By-Laws of the Association of Apartment Owners of Aloha Surf Hotel dated September 28, 1981 attached to the Original Declaration as Exhibit "B".

D. **House Rules.** The Board of Directors may adopt 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.

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents.** Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	--	<u>65% or Board Majority</u>

* The percentage for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. **Developer:**

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules.

See Exhibit "A"

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land, will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: Month Year

For Sub-leaseholds:

Buyer’s sublease may be canceled if the master lease between the sublessor and fee owner is: Canceled Foreclosed

As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

- Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee’s expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: Month Year

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the lease fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiation lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 444 Kanekapolei Street Tax Map Key (TMK): (1) 2-6-021-016
Honolulu, Hawaii 96815

Address TMK is expected to change because _____

Land Area: 22,829 [X] square feet acre(s) Zoning: Waikiki Special District, Apartment Precinct

Fee Owner: CP Aloha Surf, LLC Owner of Apts. 1410 and 1411:
 Name (as to all apartments except 1410 and 1411) Rosita C. Fong
1000 Sansome Street, Suite 180 5606-135th Place S.E.
 Address Bellevue, Washington 98006
San Francisco, California 94111

Lessor: N/A
 Name
 Address

C. **Buildings and Other Improvements:**

1. New Building(s)
 Conversion of Existing Building(s) *(Conversion completed in 1981)
 Both New Building(s) and Conversion
2. Number of Buildings: 1 Floors Per Building: 15
 Exhibit contains further explanations.
3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other Steel and Aluminum
4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>
<input type="checkbox"/> Residential	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Commercial	<u>10</u>	<input checked="" type="checkbox"/> Yes (Legal Nonconforming) <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Hotel	<u>204</u>	<input checked="" type="checkbox"/> Yes (Legal Nonconforming) <input type="checkbox"/> No
<input type="checkbox"/> Timeshare*	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Ohana	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Industrial	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Agricultural	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Recreational	<u> </u>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Other (Parking)	<u>40</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
 Yes No

*Note: A Supplemental Declaration of Covenants, Conditions and Restrictions For Aloha Surf Hotel dated April 30, 1982, made by A.S.H. Partners, the original developer of the Project, establishes a time share plan in the Project; however, time sharing, including without limitation, any so-called "vacation license", "travel club membership", or "time-interval ownership" arrangement, has been prohibited in the Project, as more specifically set forth in the Second Amendment.

5. Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

Pets: No pets permitted to be kept in the Project; provided that certified seeing eye dogs, signal dogs and service dogs for physically impaired persons are permitted.

Number of Occupants: _____

Other: See Declaration, Bylaws, adopted House Rules and, as to hotel apartments 218, 704, 1410, 1411, 1509 and PH-C, the Deeds, copies of which are available for purchaser's inspection

There are no special use restrictions.

6. Interior (fill in appropriate numbers): See Exhibit "B"

Elevators: 2 Stairways: 3 Trash Chutes: _____

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>See Exhibit "B"</u>	_____	_____	_____	_____	_____
<u>Hotel units</u>	<u>204</u>	_____	_____	_____	_____
<u>Commercial</u>	<u>10</u>	_____	_____	_____	_____
<u>Parking</u>	<u>40</u>	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Total Number of Apartments: 254

*** Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.**

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment: See Exhibit "C"

Permitted Alterations to Apartments: See Exhibit "D"

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of residential apartments must be so designated; developer has a right to substitute similar apartments for those apartments designated. Developer must provide this information either in a published announcement or advertisement as required by Hawaii Revised Statutes, Section 514A-102, or include the information here in the public report and in the announcement. Developer has elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 40

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (Parking Apartments)	<u>28</u>	<u>10</u>	<u>2</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Guest	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other: <u>Accessible</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open:	<u>38</u>	<u> </u>	<u>2</u>	<u> </u>	<u> </u>	<u> </u>	<u>40</u>

Each apartment will have the non-exclusive use of a least 0 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit "K" contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities

Swimming pool

Storage Area

Recreational Area

Laundry Area

Tennis Court

[1] Trash Enclosure(s)

Other: _____

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

*SEE PAGE 20h-20j, Sections 13.h.5 and 13.h.6

There are no violations.

Violations will not be cured.

Violations and cost to cure are listed below:

Violations will be cured by _____
(Date)

10. Conditions and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):

Not applicable because all apartments are intended for hotel or commercial uses. Purchasers are directed to Exhibit "L" and the Reserve Study for the Project, which addresses the anticipated useful life of the components of the Project and the expected costs to replace the same in the future. The Developer makes no representation or warranty whatsoever regarding the accuracy of the Reserve Study.

11. Conformation to Present Zoning Code

- a. No variances to zoning code have been granted.
 Variances(s) to zoning code was/were granted as follows:
- b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	_____	<u>X*</u>	_____
Structures	_____	<u>X*</u>	_____
Lot	<u>X</u>	_____	_____

*To Developer's knowledge, but see page 20e-20f, Section 13.h.2.

If a variance has been granted or if uses, improvements or lot are either legally non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a legally non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit "E".

as follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which use them, as described in the Declaration, are:

described in Exhibit “E”.

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the “common interest.” It is used to determine each apartment’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 apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit “B”

as follows:

- E. 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 an apartment in the project.

Exhibit “F” describes the encumbrances against title contained in the title report dated March 15, 2005 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specific sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[X] There are no blanket liens affecting title to the individual apartments.

[] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

Effect on Buyer's Interest and Deposit if Developer Defaults

Type of Lien _____ or Lien is Foreclosed Prior to Conveyance

None

F. **Construction Warranties:**

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

As the Project was completed over thirty-five (35) years ago by a prior unrelated developer, the Developer makes no representations or warranties about the building and improvements and any repairs made thereto, and confirms that the apartments are being sold strictly in "AS IS" condition as of the date of closing. The Developer makes no representations or warranties whatsoever, express or implied, as to the condition of the apartments, common elements or any improvements comprising part of the Project, as to the habitability or merchantability of any apartment or the Project, or as to the fitness of the apartments, the common elements and the Project for any particular use or purpose.

2. Appliances:

The Developer makes no representation or warranties whatsoever as to any appliances, fixtures or furnishings conveyed together with an apartment or otherwise used or owned in common by the association or apartment owners of the Project. Developer will assign any such warranties for new appliances, if any, installed in apartments given by the manufacturer to the extent such warranties are assignable.

G. **Status of Construction and Date of Completion or Estimated Date of Completion:**

Construction of the Project was originally completed in 1967.

H. **Project Phases:**

The developer [] has [X] has not reserved the right to add up, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

N/A

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit “H” contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated January 21, 2005
Exhibit “I” contains a summary of the pertinent provisions of the escrow agreement.
- Other Exhibit “J” contains a summary of the pertinent provisions of the apartment deed.

B. Buyer’s Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS)

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer has signed an opportunity to read the report(s); **AND**
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer’s apartment or its limited common elements; or (2) the amenities available for buyer’s use; **AND**
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, if any.
 - E) Condominium Map, as amended.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other Reserve Study, a summary of which is attached as Exhibit "L" and a copy of which has been or will be given to buyer for examination. Property related reports, copies or summaries of which are attached as Exhibit "M".

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 514A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

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

Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs

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

This Public Report is a part of Registration No. 5373 filed with the Real Estate Commission on May 12, 2004.

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- C. **Additional Information Not Covered Above.** The following additional disclosures are excerpted from the Purchase Agreement. Purchasers are advised to review all other provisions of the Purchase Agreement in full before deciding to purchase an Apartment in the Project. The "Seller" referred to below is the developer. References to section numbers are to the Purchase Agreement.

13. **NO WARRANTIES AND REPRESENTATIONS AS TO THE PROPERTY OR THE PROJECT.**

- a. **SELLER MAKES NO WARRANTIES OR PROMISES.** SELLER IS NOT THE ORIGINAL DEVELOPER OF THE PROJECT AND WAS NOT INVOLVED IN (AND IS NOT RESPONSIBLE FOR) THE ORIGINAL PLANNING OR CONSTRUCTION OF THE PROJECT. PURCHASER FURTHER ACKNOWLEDGES THAT THE PROJECT WAS SUBSTANTIALLY COMPLETED IN 1967 AND HAS BEEN USED OVER THE YEARS PRIMARILY FOR HOTEL PURPOSES. PURCHASER UNDERSTANDS AND AGREES THAT THE APARTMENT IS BEING SOLD "**AS IS, WHERE IS**" **WITH ALL FAULTS** AND THAT SELLER DISCLAIMS AND MAKES NO WARRANTIES OR PROMISES OF ANY KIND, EXPRESS OR IMPLIED, ABOUT THE APARTMENT, THE LAND UNDERLYING THE PROJECT (THE "LAND") OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT), OR ABOUT ANY FURNISHINGS, FIXTURES, APPLIANCES OR OTHER CONSUMER PRODUCTS, MECHANICAL SYSTEMS, PLUMBING SYSTEMS, ELECTRICAL SYSTEMS, COOLING OR HEATING SYSTEMS OR ANYTHING ELSE INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE APARTMENT, THE LAND OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT), INCLUDING ANY WARRANTIES OR PROMISES OF "HABITABILITY", "MERCHANTABILITY", "WORKMANSHIP" OR "FITNESS FOR A PARTICULAR USE OR PURPOSE".

WITHOUT LIMITING THE GENERALITY OF ANY OF THE FOREGOING, SELLER DISCLAIMS AND MAKES NO WARRANTIES OR PROMISES: (A) THAT THE PROJECT OR ANY IMPROVEMENTS IN THE APARTMENT, INCLUDING THE LANAI, THE LAND OR THE PROJECT (INCLUDING THE COMMON ELEMENTS) WILL BE FREE FROM CRACKS IN, OR OTHER DAMAGE TO, THE CONCRETE OR OTHER BUILDING MATERIALS; (B) REGARDING THE VALUE, QUALITY, GRADE OR USEFUL LIFE OF THE APARTMENT, THE PROJECT OR ANYTHING INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE APARTMENT, THE LAND OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT); (C) REGARDING THE STRUCTURAL, PHYSICAL OR ENVIRONMENTAL HISTORY OR CONDITION OF THE PROJECT, INCLUDING, WITHOUT LIMITATION, ANY DEFERRED MAINTENANCE AT THE PROJECT; OR (D) REGARDING THE SUITABILITY, CONFORMANCE, COMPLIANCE OR LACK OF COMPLIANCE OF THE PROJECT WITH ANY STATE, FEDERAL, COUNTY OR LOCAL LAW, CODE, ORDINANCE, ORDER, PERMIT, ADMINISTRATIVE REQUIREMENT, OR REGULATION, INCLUDING, WITHOUT LIMITATION, THOSE RELATED TO THE CONSOLIDATION AND SUBDIVISION OF LAND, THE OPERATION AND USE OF THE PROJECT AND ACCESSIBILITY OF THE PROJECT BY PERSONS WITH DISABILITIES. IN OTHER WORDS, SELLER MAKES NO WARRANTIES OR PROMISES AT ALL.

PURCHASER FOR ITSELF AND ITS SUCCESSORS, HEIRS AND ASSIGNS, RELEASES SELLER AND ITS AFFILIATES, AND EACH OF THEM AND THEIR RESPECTIVE PAST, PRESENT AND FUTURE MEMBERS, MANAGERS, DIRECTORS, OFFICERS, SHAREHOLDERS, EMPLOYEES, PROPERTY MANAGERS, AGENTS, VENDORS, CONSULTANTS, CONTRACTORS AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS (HEREAFTER THE "RELEASED PARTIES") FROM (AND WAIVES ANY CLAIM, ACTION OR

LIABILITY WHICH ARISES FROM OR RELATES TO) ANY LATENT OR PATENT DEFECT IN ANY PART OF THE PROJECT OR THE APARTMENT, KNOWN OR UNKNOWN, WHICH EXISTS NOW OR IN THE FUTURE, OR WHICH ARISES FROM OR RELATES TO ANY LACK OF COMPLIANCE OF THE PROJECT WITH ANY STATE, FEDERAL, COUNTY OR LOCAL LAW, CODE, ORDINANCE, ORDER, PERMIT, ADMINISTRATIVE REQUIREMENT, OR REGULATION, THAT PURCHASER MAY HAVE AGAINST SELLER UNDER ANY FEDERAL, STATE OR LOCAL LAW, ORDINANCE, RULE OR REGULATION NOW EXISTING OR HEREAFTER ENACTED OR PROMULGATED, INCLUDING, WITHOUT LIMITATION, THOSE RELATED TO ASBESTOS, ASBESTOS-CONTAINING MATERIALS, LEAD-BASED OR LEAD-CONTAINING PAINT, HAZARDOUS MATERIALS AND ENVIRONMENTAL CONDITIONS OR MATTERS (INCLUDING THE PRESENCE OF MOLD OR MILDEW) IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO OR INTO THE PROJECT, OR BY VIRTUE OF ANY COMMON LAW RIGHT RELATING TO ASBESTOS, ASBESTOS-CONTAINING MATERIALS, LEAD-BASED OR LEAD-CONTAINING PAINT, HAZARDOUS MATERIAL AND ENVIRONMENTAL CONDITIONS OR MATTERS (INCLUDING THE PRESENCE OF MOLD OR MILDEW) IN, ON, UNDER ABOUT OR MIGRATING FROM OR ONTO OR INTO THE PROJECT. SELLER AND PURCHASER AGREE THAT THIS RELEASE FROM LIABILITY HAS BEEN SPECIFICALLY NEGOTIATED BETWEEN SELLER AND PURCHASER.

PURCHASER ACKNOWLEDGES AND AGREES THAT SELLER'S DISCLAIMER OF WARRANTIES AND REPRESENTATIONS CONTAINED IN THIS SECTION a. IS AN ESSENTIAL ELEMENT IN SELLER'S DETERMINATION OF THE PURCHASE PRICE FOR THE APARTMENT BEING SOLD TO PURCHASER. THIS MEANS THAT THE APARTMENT WOULD NOT HAVE BEEN SOLD TO PURCHASER FOR THE AMOUNT OF THE PURCHASE PRICE STATED IN THIS AGREEMENT WITHOUT SELLER'S DISCLAIMER OF WARRANTIES AND REPRESENTATIONS.

- b. **INSPECTION AND ACCEPTANCE OF THE APARTMENT AND COMMON ELEMENTS.** On a date specified by Seller, Purchaser (or Purchaser's agent or representative) may inspect Purchaser's Apartment. Such inspection may include evaluation and testing by licensed professionals with respect to the physical and environmental conditions in the Apartment, provided such inspection does not cause unreasonable interference with the use and enjoyment of the Project by the occupants or cause any property damage. Purchaser gives up all rights to inspect if Purchaser (or Purchaser's agent or representative) does not inspect Purchaser's Apartment or the Project on the date and at the time set by Purchaser and Seller.

An inspection sheet will be provided at the inspection on which Purchaser shall list any defects or damages to the Apartment and Project identified by Purchaser. It is understood and agreed that Seller shall be under no obligation to have the listed or any other defects or damages in the Apartment and Project corrected or repaired. Purchaser agrees to close the sale of the Apartment on time and accept possession of the Apartment even if there are defects or damages to the Apartment or anything in it, as long as the Apartment is not rendered uninhabitable thereby. Purchaser agrees that inspection of the Project, the Land or the Apartment (including its furnishings, fixtures or appliances) is not required for closing to take place.

Purchaser shall have ten (10) days from Seller's date of execution of this Agreement to perform or engage a professional consultant to inspect the common elements of the Project at Purchaser's option and expense, which inspection may include evaluation and testing by licensed professionals with respect to the physical and environmental conditions in the common elements, provided such inspection does not cause unreasonable interference with the use and enjoyment of the Project by the occupants,

RENTAL, MANAGEMENT OR SALES SERVICES FOR PURCHASER'S APARTMENT. IF PURCHASER WANTS TO RENT OR SELL THE APARTMENT, HOW PURCHASER DOES IT WILL BE UP TO PURCHASER. PURCHASER ALSO AGREES THAT NEITHER SELLER NOR ANY SALESPERSON OR OTHER PERSON AFFILIATED WITH OR IN ANY WAY RELATED TO SELLER HAS TALKED OR MADE PROMISES TO PURCHASER AT ALL ABOUT INCOME FROM THE APARTMENT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE PURCHASE OR OWNERSHIP OF THE APARTMENT OR ABOUT THE TAX EFFECTS OF BUYING THE APARTMENT. PURCHASER IS ADVISED TO CONTACT HIS OR HER OWN ADVISERS ON ALL SUCH MATTERS.

- g. **SECURITIES AND DISCLOSURE LAWS OR REGULATIONS.** PURCHASER AGREES THAT SELLER MAY, AS A REQUIREMENT FOR CLOSING, REQUIRE PURCHASER, ANY SALESPERSON, OR ANYONE ELSE CONNECTED WITH THE OFFER TO SELL AND THE SALE OF THE APARTMENT, TO SIGN AND DELIVER TO SELLER ADDITIONAL DOCUMENTS, INCLUDING, WITHOUT LIMITATION, WAIVERS, AFFIDAVITS OR OTHER DOCUMENTS AS MAY BE REQUIRED BY SELLER FROM TIME TO TIME, TO SATISFY SELLER THAT THE OFFER TO SELL AND THE SALE OF THE APARTMENT IS NOT IN VIOLATION OF ANY FEDERAL OR STATE SECURITIES LAWS OR REGULATIONS.

PURCHASER AGREES THAT IF SELLER DETERMINES IN ITS SOLE DISCRETION THAT THERE HAS BEEN A VIOLATION OR AN ALLEGED VIOLATION OF ANY FEDERAL OR STATE SECURITIES LAWS OR REGULATIONS (WHETHER BY PURCHASER, SELLER OR ANY THIRD PARTIES), SELLER'S INJURY CAUSED BY SUCH VIOLATION OR ALLEGED VIOLATION WILL BE UNCERTAIN AS TO NATURE AND AMOUNT AND WILL BE DIFFICULT AND EXPENSIVE TO DETERMINE. BECAUSE OF THIS, PURCHASER AGREES THAT SELLER MAY OBTAIN AN INJUNCTION (IN OTHER WORDS, A COURT ORDER) FROM A COURT PROHIBITING ANY ACTS BY PURCHASER WHICH GIVE RISE TO SUCH VIOLATION. SELLER MAY ALSO TAKE ADVANTAGE OF ANY OF SELLER'S RIGHTS DESCRIBED IN SECTION D.15 OF THIS AGREEMENT. ALL OF SELLER'S COSTS, INCLUDING REASONABLE ATTORNEYS' FEES, INCURRED BECAUSE OF PURCHASER'S ACTIONS IN VIOLATION OF ANY FEDERAL OR SECURITIES LAWS OR REGULATIONS, WILL BE PAID BY PURCHASER.

PURCHASER ALSO AGREES THAT IF PURCHASER CLAIMS THERE HAS BEEN ANY VIOLATION OF ANY FEDERAL OR STATE SECURITIES OR DISCLOSURE LAWS OR REGULATIONS (INCLUDING THE CONDOMINIUM PROPERTY ACT) CONNECTED WITH THE OFFER OR SALE OF THE APARTMENT, THE INJURY CAUSED BY SUCH VIOLATION WILL BE DIFFICULT AND EXPENSIVE TO DETERMINE. BECAUSE OF THIS, PURCHASER AGREES THAT PURCHASER'S ONLY REMEDIES WILL BE (1) TO SUE FOR SPECIFIC PERFORMANCE, WITH A FULL WAIVER OF ANY DAMAGES, OR (2) TO SUE FOR A REFUND OF THE TOTAL PURCHASE PRICE AND CLOSING COSTS ACTUALLY PAID, PLUS INTEREST AT THE RATE OF EIGHT PERCENT (8%) PER YEAR FROM THE FINAL CLOSING DATE UNTIL THE DATE OF REPAYMENT. IF PURCHASER ELECTS TO SUE FOR A REFUND AND ESTABLISHES SELLER'S LIABILITY UNDER THIS SECTION, SUCH REFUND WITH INTEREST AS PROVIDED HEREIN WILL BE LIQUIDATED DAMAGES AND NOT A PENALTY; SELLER AND PURCHASER HEREBY AGREE (i) THAT ANY ACTUAL DAMAGES SUFFERED BY PURCHASER WOULD BE DIFFICULT AND IMPRACTICABLE TO DETERMINE, (ii) THAT THE AMOUNT OF THE REFUND IS NOT LESS THAN THE BEST ESTIMATES OF THE PARTIES OF PURCHASER'S ACTUAL DAMAGES; AND (iii) SELLER HEREBY WAIVES ANY DEFENSE OR

OBJECTION TO THE ENFORCEABILITY OF SUCH LIQUIDATED DAMAGES BY PURCHASER. FURTHER, THE PARTIES AGREE, STIPULATE AND ACKNOWLEDGE THAT ANY ADDITIONAL AMOUNTS PAID BY PURCHASER FOR THE APARTMENT (SUCH AS MAINTENANCE CHARGES AND OTHER COMMON EXPENSES INCLUDING LIMITED COMMON EXPENSES, REAL PROPERTY TAXES, MORTGAGE LOAN FEES AND INTEREST, AND THE START-UP FEE) ARE NOT MORE THAN THE REASONABLE VALUE OF USE OF THE APARTMENT FROM THE FINAL CLOSING DATE UNTIL THE DATE OF REPAYMENT.

Purchaser agrees that the terms of this Section g. will continue after the closing and will apply to Purchaser as well as to anyone claiming by, through or under Purchaser or the Apartment, notwithstanding anything contained herein to the contrary.

h. **ADDITIONAL DISCLOSURES.** Purchaser acknowledges receipt of notice that:

1. Use of Apartments.

- (i) **GENERAL.** The Declaration of Horizontal Property Regime of Aloha Surf Hotel, as amended (the "Declaration"), provides that the Apartments in the Project may be used for hotel purposes, as more specifically set forth therein. Purchaser should read the Declaration, including, without limitation, the Second Amendment to Declaration of Horizontal Property Regime of Aloha Surf Hotel (the "Second Amendment") recorded in said Office, for more information concerning the use of the Apartments in the Project.

The name "Aloha Surf Hotel", designated by the original developer of the Project, shall not in any way be construed as a warranty or promise by Seller that the Project may be used or operated as a hotel under applicable law.

- (ii) **NO TIMESHARING.** Notwithstanding that certain Supplemental Declaration of Covenants, Conditions and Restrictions For Aloha Surf Hotel dated April 30, 1982, made by A.S.H. Partners, the original developer of the Project, recorded in said Office as Document No. 1116610 (the "Supplemental Declaration"), establishing a time share plan in the Project, time sharing, including without limitation, any so-called "vacation license", "travel club membership", or "time-interval ownership" arrangement, is prohibited in the Project, as more specifically set forth in the Second Amendment.

- (iii) **CERTAIN APARTMENTS SUBJECT TO RESIDENTIAL USE AND TIME SHARE OWNERSHIP DEED RESTRICTIONS.** Notwithstanding the use of Apartments permitted by the Declaration, Aloha Surf Hotel Apartment Deeds made by A.S.H. Partners, the original developer of the Project, and Glen Okada, as Trustee in Bankruptcy for A.S.H. Partners (collectively, the "Deeds"), restrict certain apartments to "residential use" or "time-sharing ownership". These deed restrictions pertain to hotel apartments 218, 704, 1410, 1411, 1509 and PH-C (collectively, the "Restricted Apartments"). Seller does not own and, therefore, will not be offering apartments 1410 and 1411 for sale. COPIES OF THE DEEDS MAY BE OBTAINED FROM THE PROJECT BROKER FOR PURCHASER'S REVIEW UPON PURCHASER'S REQUEST.

SELLER MAKES NO REPRESENTATIONS OR WARRANTIES AS

TO THE MEANING OF "RESIDENTIAL USE" OR "TIME-SHARING OWNERSHIP", AS SUCH TERMS ARE USED IN THE DEEDS, THE ENFORCEABILITY OF THESE USE RESTRICTIONS, OR WHETHER ANY PURCHASER OF A RESTRICTED APARTMENT WILL BE PERMITTED TO USE THE RESTRICTED APARTMENT FOR TRANSIENT RENTAL PURPOSES, REGARDLESS OF WHETHER THE APARTMENT IS A LODGING OR DWELLING UNIT. AS DESCRIBED IN SUBSECTION (ii) ABOVE, TIME SHARING HAS SINCE BEEN PROHIBITED IN THE PROJECT; THEREFORE, THE RESTRICTED APARTMENTS CAN NO LONGER BE USED FOR TIME SHARING AS SET FORTH IN THE SECOND AMENDMENT, REGARDLESS OF THE DEED RESTRICTIONS. BY THE ACCEPTANCE OF AN OWNER'S APARTMENT DEED, THE PURCHASER OF A RESTRICTED APARTMENT AGREES THAT THE APARTMENT MAY BE RESTRICTED TO RESIDENTIAL USE AND MAY NOT BE USED FOR TRANSIENT RENTAL PURPOSES OR TIME SHARING, REGARDLESS OF ITS PERMITTED USE UNDER THE DECLARATION.

THE PROJECT IS SUBJECT TO THE DECLARATION, THE BYLAWS AND THE HOUSE RULES, AS THE SAME MAY BE AMENDED FROM TIME TO TIME. FOR INFORMATION REGARDING OWNERS' RIGHTS AND OBLIGATIONS REGARDING, AMONG OTHER THINGS, THE USE, DECORATION AND OWNERSHIP OF THE APARTMENT, PURCHASERS SHOULD READ THE CONDOMINIUM DOCUMENTS, INCLUDING THE DECLARATION, BYLAWS AND HOUSE RULES. THERE ARE ALSO OTHER RESTRICTIONS THAT MAY APPLY, INCLUDING, WITHOUT LIMITATION, THE DEEDS. PURCHASERS SHOULD REFER TO THE CONDOMINIUM PUBLIC REPORT FOR PARTICULARS.

2. **DISCLOSURE OF NON-CONFORMING CONDITIONS.** The certificate of occupancy for the Aloha Surf Hotel was issued by the Building Department for the City and County of Honolulu ("County") on August 21, 1967, at which time the zoning for the Land was Hotel/Apartment. The zoning for the Land is presently Apartment Precinct in the Waikiki Special District, under which hotels are not permitted.

To Seller's knowledge, no violations concerning the hotel use of the Building have been issued by the County and the Building has been operated as a legal non-conforming hotel. Generally, this designation means that, although in compliance with the zoning and, except as disclosed in Section D.13.h.7 herein, the building code effective when the structure was built, some aspects of the Building and its hotel use do not meet the requirements of the current Land Use Ordinance ("LUO") and Uniform Building Code ("UBC") adopted by the County. These aspects are generally "grandfathered" and treated as legal, but (among other risks) legal non-conforming status can be lost if the use of the Building changes or for other reasons, and Seller can give no assurances that the Project will not be required to conform to such requirements now in force or hereafter imposed.

Generally, the existence of nonconforming conditions in the Project means that in the event of a major casualty, which causes the destruction of the Building to an extent of more than fifty percent (50%) of its replacement cost at the time of destruction, the Building cannot be reconstructed except in conformity with the then current and applicable provisions of the LUO and UBC. Certain exceptions to the general development standards applicable to nonconforming uses and

structures in the Waikiki Special District, in which the property is located, are set forth in Section 21-9.80-4(e) of the LUO. However, Seller makes no representations or promises regarding the possible benefits to Purchaser or the Association under the provisions of Section 21-9.80-4(e) or any other provision of the LUO.

PURCHASER AGREES, BY THE ACCEPTANCE OF AN OWNER'S APARTMENT DEED IN THIS PURCHASE TRANSACTION, TO ACCEPT THE NONCONFORMING CONDITIONS DESCRIBED ABOVE, AND FURTHER AGREES THAT THE PURCHASERS OF CONDOMINIUM APARTMENTS IN THE PROJECT ARE ASSUMING ALL RESPONSIBILITY FOR ANY CHANGES TO THE PROJECT THAT MAY BE REQUIRED WITH RESPECT TO ANY NONCONFORMING CONDITIONS.

3. **ENCROACHMENTS FROM AND ONTO THE PROJECT LAND.** A survey prepared by George A. Sumida, License Professional Land Surveyor, No. 4330, dated September 27, 2004, with a last revision date of October 14, 2004, identifies the following encroachments or overhanging projections:
- (i) The two concrete overhangs from the Building cross the southeasterly boundary line of the Land and each extends 6 feet onto Kanekapolei Street for approximately 11 feet.
 - (ii) The concrete ramp in the abutting property identified on the tax maps of the State of Hawaii as Tax Map Key No. (1) 2-6-021-113, a portion of Ala Wai Boulevard believed to be owned by the State of Hawaii, crosses onto the Land 0.0 to 0.15 feet for approximately 14 feet.
 - (iii) The 6-inch tile wall in the abutting property identified on the tax maps of the State of Hawaii as Tax Map Key No. (1) 2-6-021-30 [sic], believed to be owned by the various owners of the Ala Wai Palms condominium project, crosses the northeasterly boundary line and extends onto the Land 0.2 feet for approximately 8 feet.

The intrusions from the Project onto Kanekapolei Street, and intrusions from other properties onto the Land, may affect the marketability of the Project and cause the injured party whose property is being encroached upon to seek judicial remedies, including without limitation, in ejectment and removal of the intrusion, quiet title, injunction, and damages. PURCHASER AGREES, BY THE ACCEPTANCE OF AN OWNER'S APARTMENT DEED IN THIS PURCHASE TRANSACTION, TO ACCEPT THE CONDITIONS DESCRIBED ABOVE, AND FURTHER AGREES THAT THE PURCHASERS OF CONDOMINIUM APARTMENTS IN THE PROJECT ARE ASSUMING ALL RESPONSIBILITY FOR ANY REMEDY THAT MAY BE REQUIRED OR RECOMMENDED WITH RESPECT TO SUCH CONDITIONS.

4. **ADA LAWSUIT SETTLEMENT.** On April 28, 2004, an action entitled *Thomas Mundy vs. LaeRoc Aloha Surf, LLC and Aston Waikiki, LLC*, Civil Case No. CV 04-00270 (DAE) (the "Action"), was commenced in the United States District Court for the District of Hawaii alleging that the former owner and hotel manager of the Project (collectively, "Defendants") owned and/or managed, leased or otherwise controlled a condominium hotel known as the Aston Surf Hotel, which is a "public accommodation" as defined in the Americans with Disabilities Act of 1990 and related laws (collectively, the "ADA"). The complaint further alleged that Defendants failed to comply with the ADA to

eliminate architectural barriers to equal accessibility to the extent “readily achievable” under the ADA. Seller acquired the interests of LaeRoc Aloha Surf, LLC in the Project on December 28, 2004.

On February 14, 2005, Seller, the Association, and others entered into a settlement of the Action pursuant to which the Association agreed to undertake the following barrier removal plan:

- a. providing accessible entrance (e.g. ramp and/or lift) from public sidewalks to the lobby level of the facility;
- b. providing an alternative means of access policy at the porte cochere front entrance by which persons with disabilities using wheelchairs and other persons who have mobility impairments who cannot negotiate the front stairs and non-accessible ramp may use the parking level accessible stall area/loading zone to access the facility via a vertical accessible route (elevator) to the lobby area; and
- (iii) providing an alternative means of access policy by which the facility will refer requests for accessible tub rooms and accessible roll-in shower rooms to another hotel/transient lodging of equal or greater amenities at no additional charge to the customer who is a disqualified person with a disability. This policy is to be in force for only so long as Seller is the owner of condominium units in the Project.

Association members may obtain copies of the settlement agreement from the Managing Agent.

If the Apartment is an accessible parking stall apartment or other apartment to which an accessible parking stall is attached as a limited common element, Purchaser agrees that such Apartment and the accessible parking stall shall be subject to the policy referenced in subsection (ii) above.

The barrier removal plan is set forth in Exhibit “A” to the settlement and release agreement in the Action. PURCHASERS SHOULD READ CAREFULLY EXHIBIT “A”, A COPY OF WHICH PURCHASER HEREBY ACKNOWLEDGES RECEIVING.

NOTWITHSTANDING SETTLEMENT AND DISMISSAL OF THE ACTION, IT IS UNKNOWN WHETHER, AND SELLER CANNOT GUARANTY THAT, A NEW ACTION MAY OR WILL NOT BE BROUGHT BY PLAINTIFF OR ANY OTHER PERSON AGAINST SELLER, PURCHASERS, OR THE ASSOCIATION CONTAINING SIMILAR ALLEGATIONS UNDER THE ADA.

5. **PARKING RELATED VIOLATIONS AND EFFORTS TO MITIGATE.** LaeRoc and/or Aston received the following notices of violation and notices of order from the DPP:

- (i) Notice of Violation No. 2002/NOV-07-027 (BV) dated July 2, 2002, for enclosing 10 parking stalls without obtaining building permits and Waikiki Special District approvals;
- (ii) Notice of Violation No. 2002/NOV-07-048 (EX) dated July 3, 2002, for increasing the number of nonconforming hotel units in the Project from 163 to 204 without providing the additional required off-street parking;

- (iii) Notice of Order No. 2002/NOO-243 dated December 27, 2002, enclosing 10 parking stalls without obtaining building permits and Waikiki Special District approvals; and
- (iv) Notice of Order No. 2002/NOO-207 dated December 27, 2002, for increasing the number of nonconforming hotel units in the Project from 163 to 204 without providing the additional required off-street parking.

Seller, who has owned its Apartments in the Project since December 28, 2004, does not have complete or conclusive information as to the genesis or evolution of the foregoing violations, and is not responsible for causing the violations. Seller intends to remedy Notice of Violation No. 2002/NOV-07-027 (BV) by removing the enclosure and restoring or replacing the 10 parking stalls, either as originally configured or as may be approved by DPP.

Seller has submitted or will submit a plan to DPP to provide the additional off-street parking within the Project required by the present number of hotel apartments, which may include providing valet parking at the Project, or will reduce the number of hotel apartments so that the off-street parking available in the Project meets applicable zoning requirements, or may apply for a variance from the applicable zoning regulations. Seller intends to accomplish reduction of the hotel apartments by converting up to 82 hotel rooms, which were originally constructed as 41 suites, back to their original suite configurations. The affected Apartments are:

202	203	412	413	800	801	1110	1111
204	205	500	501	810	811	1112	1113
213	214	510	511	812	813	1200	1201
215	216	512	513	900	901	1210	1211
302	303	600	601	910	911	1212	1213
304	305	610	611	912	913	1400	1401
313	314	612	613	1000	1001	1410	1411
315	316	700	701	1010	1011	1412	1413
400	401	710	711	1012	1013	1500	1501
410	411	712	713	1100	1101	1510	1511
						1512	1513

Seller has reserved rights in the Declaration to effect removal of the enclosure, to consolidate or withdraw hotel apartments, to consolidate and subdivide the parking stall apartments and limited common elements appurtenant thereto to reconfigure parking in the Project, and to otherwise address the subject violations. PURCHASERS SHOULD CAREFULLY READ THE DECLARATION AND OTHER CONDOMINIUM DOCUMENTS AS THEY MAY PERTAIN TO THE VIOLATIONS AND RESERVED RIGHTS OF DEVELOPER DISCLOSED HEREIN.

PURCHASER AGREES, BY THE ACCEPTANCE OF AN OWNER'S APARTMENT DEED IN THIS PURCHASE TRANSACTION, THAT SELLER SHALL HAVE THE RIGHT, WITHOUT OBTAINING THE APPROVAL OF ANY PARTY WITH AN INTEREST IN THE PROJECT, INCLUDING PURCHASER AND ANY OTHER OWNER OR MORTGAGEE, TO DO ALL THINGS NECESSARY OR REASONABLY DESIREABLE TO REMEDY THE VIOLATIONS, AND PURCHASER HEREBY ACCEPTS SUCH RESOLUTION, AS DESCRIBED ABOVE OR OTHERWISE APPROVED BY THE COUNTY, PROVIDED SUCH

RESOLUTION DOES NOT SUBSTANTIALLY IMPAIR THE USE OF PURCHASER'S APARTMENT OR SUBSTANTIALLY INCREASE THE PURCHASER'S SHARE OF COMMON EXPENSES.

NOTWITHSTANDING ANYTHING CONTAINED IN THIS AGREEMENT OR THE PROJECT DOCUMENTS TO THE CONTRARY, PURCHASERS ACKNOWLEDGE AND AGREE THAT PURCHASERS SHALL HAVE NO RIGHT TO A PARKING STALL APARTMENT OR ANY LIMITED COMMON ELEMENT PARKING STALL ESTABLISHED IN THE PROJECT, OR THE USE THEREOF, UNLESS PURCHASER ENTERS INTO A WRITTEN AGREEMENT WITH SELLER TO PURCHASE SUCH PARKING RIGHTS.

6. **FOUNDATION DESIGN; NONCOMPLIANCE WITH 1961 BUILDING CODE.** Seller has obtained an independent study of the Building with respect to conformance with the Uniform Building Code, 1961 Edition ("1961 UBC"), in effect when the Project was built. The Aloha Surf Hotel Structural Review dated October 28, 2004, prepared by Baldrige and Associates (the "Structural Review Report"), concludes on page 5, that, among other things:

The foundations under the stairwell and elevator shafts are significantly under-designed. Not only do the foundations appear to be severely under-designed for 1961 UBC lateral loads, they are also overstressed under the gravity load analysis. Technically speaking, the foundation design does not meet the 1961 UBC building code requirements even though they have evidently performed well for almost 40 years.

The Structural Review Report also recommends possible foundation retrofit for the stairwell and elevator shafts to achieve a technical code compliance with the 1961 UBC. The consultant advises that the foundation retrofit is intended to provide a building with a level of safety relatively the same as numerous other existing buildings in Waikiki, but will not bring the structural system into conformance with all current code requirements.

Seller is unaware of any citation or building code violation issued by the County with respect to the Building foundations; however, Seller cannot guaranty that a citation or violation may not be issued in the future for such noncompliance or any other latent defect unknown to Seller.

Seller does not intend to effect the recommended retrofit, but will contribute funds to the Association reserves for the Project to assist with payment for any work undertaken by the Association to retrofit the foundations.

IT WILL BE THE RESPONSIBILITY OF THE ASSOCIATION TO MAKE SUCH FURTHER STUDY AND DETERMINATION AS TO ANY NONCOMPLIANCE OF THE BUILDING STRUCTURE WITH APPLICABLE BUILDING CODE REQUIREMENTS AND TO AFFECT SUCH RETROFIT OR REPAIRS, IF ANY, IN THE ASSOCIATION'S SOLE DISCRETION. SELLER DOES NOT GUARANTY THAT PERMITS MAY BE OBTAINED FOR THE RECOMMENDED RETROFIT OR ANY OTHER PROPOSED CURE, NOR THAT THE AMOUNT CONTRIBUTED BY SELLER TO THE ASSOCIATION RESERVES WILL BE SUFFICIENT TO AFFECT THE RECOMMENDED RETROFIT OR ANY OTHER PROPOSED CURE. PURCHASER, BY ACCEPTING AN OWNER'S APARTMENT DEED, ASSUMES ANY AND ALL RISKS OF DELAY OR FAILURE BY

THE ASSOCIATION TO RETROFIT OR OTHERWISE ADDRESS ANY DEFICIENCIES IN THE BUILDING'S FOUNDATION, WHETHER OR NOT IDENTIFIED IN THE STRUCTURAL REVIEW REPORT. PURCHASER SHOULD CAREFULLY READ THE STRUCTURAL REVIEW REPORT, A COPY OF WHICH PURCHASER HEREBY ACKNOWLEDGES RECEIVING.

PURCHASER FOR ITSELF AND ITS SUCCESSORS, HEIRS AND ASSIGNS, RELEASES SELLER AND ITS AFFILIATES, AND EACH OF THEM AND THEIR RESPECTIVE PAST, PRESENT AND FUTURE MEMBERS, MANAGERS, DIRECTORS, OFFICERS, SHAREHOLDERS, EMPLOYEES, PROPERTY MANAGERS, AGENTS, VENDORS, CONSULTANTS, CONTRACTORS AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS (HEREAFTER THE "RELEASED PARTIES") FROM (AND WAIVES ANY CLAIM, ACTION OR LIABILITY WHICH ARISES FROM OR RELATES TO) ANY LATENT OR PATENT DEFECT IN ANY PART OF THE PROJECT OR THE APARTMENT, KNOWN OR UNKNOWN, WHICH EXISTS NOW OR IN THE FUTURE, OR WHICH ARISES FROM OR RELATES TO ANY LACK OF COMPLIANCE OF THE PROJECT WITH THE 1961 UBC AND ANY STATE, FEDERAL, COUNTY OR LOCAL LAW, CODE, ORDINANCE, ORDER, PERMIT, ADMINISTRATIVE REQUIREMENT, OR REGULATION, THAT PURCHASER MAY HAVE AGAINST SELLER UNDER ANY FEDERAL, STATE OR LOCAL LAW, ORDINANCE, RULE OR REGULATION NOW EXISTING OR HEREAFTER ENACTED OR PROMULGATED, INCLUDING, WITHOUT LIMITATION, THOSE RELATED TO UNDER-DESIGN OF THE FOUNDATIONS AND NONCOMPLIANCE OF THE BUILDING WITH THE 1961 UBC. SELLER AND PURCHASER AGREE THAT THIS RELEASE FROM LIABILITY HAS BEEN SPECIFICALLY NEGOTIATED BETWEEN SELLER AND PURCHASER.

PURCHASER ACKNOWLEDGES AND AGREES THAT SELLER'S DISCLAIMER OF WARRANTIES AND REPRESENTATIONS CONTAINED IN THIS SECTION IS AN ESSENTIAL ELEMENT IN SELLER'S DETERMINATION OF THE PURCHASE PRICE FOR THE APARTMENT BEING SOLD TO PURCHASER. THIS MEANS THAT THE APARTMENT WOULD NOT HAVE BEEN SOLD TO PURCHASER FOR THE AMOUNT OF THE PURCHASE PRICE STATED IN THIS AGREEMENT WITHOUT SELLER'S DISCLAIMER OF WARRANTIES AND REPRESENTATIONS.

7. **CONDITION OF PROJECT.** PURCHASERS ARE AGAIN ADVISED THAT THE PROJECT WAS ORIGINALLY CONSTRUCTED IN 1967 AND PURCHASERS SHOULD NOT EXPECT THAT THE APARTMENTS BEING OFFERED FOR SALE, NOR ANY COMPONENTS OF THE PROJECT, WILL BE LIKE NEW. PURCHASERS WILL, THEREFORE, BE ACQUIRING APARTMENTS AND APPURTENANT LIMITED COMMON ELEMENTS AND UNDIVIDED INTERESTS IN THE COMMON ELEMENTS OF THE PROJECT IN "AS IS" CONDITION, WITH ALL FAULTS. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH HEREIN, PURCHASERS, AS THE OWNERS OF APARTMENTS IN THE PROJECT COMPRISING THE ASSOCIATION OF OWNERS WILL BE RESPONSIBLE FOR FUNDING THE COSTS TO REPAIR, MAINTAIN AND REPLACE ALL COMPONENTS OF THE PROJECT, THROUGH THE GENERAL OPERATING BUDGET OR BY SPECIAL ASSESSMENT MADE TO ALL OWNERS.

ACCORDINGLY, PURCHASERS SHOULD READ CAREFULLY THE RESERVE STUDY PREPARED BY ARMSTRONG CONSULTING, INC., A COPY OF WHICH PURCHASER HEREBY ACKNOWLEDGES RECEIVING, TO UNDERSTAND THE CONDITION OF THE PROJECT AND VARIOUS COMPONENTS THEREOF AS WELL AS THE ANTICIPATED REPLACEMENT COSTS FOR SUCH COMPONENTS BEFORE DECIDING TO PURCHASE AN APARTMENT IN THE PROJECT.

PURCHASERS ARE ALSO REFERRED TO THE FOLLOWING ADDITIONAL DISCLOSURE ITEMS:

- (i) **GENERAL CONDITION DISCLOSURE.** The Project is subject to exterior spalling and may be further subject to weathering, rust, earthquake, fire, floods, erosion, high water table, dangerous underground soil conditions and similar occurrences or conditions which may alter the Project's condition or affect its suitability for any proposed use. Seller shall have no responsibility or liability for or with respect to any such occurrence or condition.
- (ii) **MECHANICAL SYSTEMS; AIR CONDITIONING COMPONENTS.** Pursuant to a Property Evaluation dated September 24, 2004, prepared by Building Analytics (the "Property Evaluation"), the mechanical equipment consists of "thru-the-wall" air conditioning units. No heating is provided. The kitchen in commercial apartments C-5 and C-6 is provided with two air-handlers and split DX units. The non-commercial apartment bathrooms are ventilated from nine (9) rooftop exhaust fans. One stairwell is provided with a pressurization fan located on the roof. Purchasers are advised that although various components of the air-conditioning system for the Building have been repaired or replaced over time, the air-conditioning system as a whole is not new, and in some instances, components may have exceeded their serviceable life and/or not be sufficient for the heat load. Therefore, Purchasers should anticipate that there will be costs incurred by the Association to repair, maintain, replace and/or upgrade various components of the air-conditioning system in the future.
- (iii) **LANAIS, RAILINGS AND SLIDING DOORS.** Seller may contribute funds to the Association reserves to undertake painting of the lanais and railings; however, Seller has not undertaken general repairs of the lanais and railings, and due to the age of the Building, Purchasers should anticipate repairs as necessary. Purchasers should be aware that air conditioning components and general weather conditions have or may cause slippery conditions on the lanais and Purchasers should anticipate repairs as necessary to assure that lanais and railings are maintained in a safe condition. Lanai railings are spaced farther apart than the width permitted under the UBC. The existing nonconformity may present a danger to small children, animals and adults using the lanais. Purchasers should also be aware that the sliding doors from the Apartments to their lanais have not been replaced and are not new. Such installations are vulnerable to leakage and Purchasers should anticipate repairs as necessary.
- (iv) **CONCRETE SPALLING.** Due to the age of the Building and prevailing climate, the exterior of the Building has experienced cracking and spalling in certain areas, as identified in the Property Evaluation, and particles of paint and cement from the exterior of the Building may fall onto the lanais of Apartments. As indicated in the Reserve Study, the

occurrence of concrete spalling from the exterior of the Building cannot be predicted with certainty. Repair to any future spalling will accordingly, be an expense of the Association.

- (v) **ROOFING.** The Property Evaluation indicates that the roofing system over the Building consists of a multi-ply roofing membrane with gravel surfacing. Due to the condition of the membrane, repair or replacement should be planned for the near future and will be an expense of the Association.
- (vi) **FIRE AND LIFE SAFETY SYSTEMS.** The Property Evaluation discloses that the Building is equipped with a sprinkler system. Replacement of the fire alarm system equipment is recommended.
- (vii) **PLUMBING REPAIRS.** Pursuant to the Property Evaluation, a duplex booster pump lifts water to the upper floors of the Project. The pumps require overhauling in the near future. Due to the age of the Building, the plumbing, for individual Apartments or the Building systems generally, are anticipated to require repairs from time to time.

PURCHASER ACKNOWLEDGES RECEIPT OF COPIES OF THE RESERVE STUDY, THE STRUCTURAL REVIEW REPORT AND THE PROPERTY EVALUATION.

PURCHASERS SHOULD CAREFULLY REVIEW THE RESERVE STUDY AND ALL OTHER PROPERTY CONDITION INFORMATION PRIOR TO SIGNING THIS AGREEMENT. SELLER MAKES NO REPRESENTATIONS OR WARRANTY WHATSOEVER THAT THE INFORMATION CONTAINED IN ANY STUDIES OR REPORTS PROVIDED TO PURCHASERS OR THE USEFUL LIVES AND REPLACEMENT COSTS OF THE COMPONENTS LISTED IN THE RESERVE STUDY ARE COMPLETE OR ACCURATE AND PURCHASERS ACCEPT THEIR APARTMENTS AND THE PROJECT AS SET FORTH IN THE PROJECT DOCUMENTS, INCLUDING SECTION D.13.a OF THIS AGREEMENT.

- 8. **AMERICANS WITH DISABILITIES ACT ("ADA").** Seller has disclosed settlement of a lawsuit alleging violations of the ADA and the Association's obligations for barrier removal in the Project, as more fully set forth in Section D.13.h.4 above. Seller intends to contribute funds to the Association reserves and cause the Association to implement the barrier removal measures disclosed in Section D.13.h.4 above while it holds apartments in the Project and operates them as a public accommodation.

THE ASSOCIATION MAY BE RESPONSIBLE FOR ADDITIONAL BARRIER REMOVAL MEASURES, INCLUDING, WITHOUT LIMITATION, THE REMOVAL OF ARCHITECTURAL BARRIERS IN THE COMMON AREAS, TO THE EXTENT READILY ACHIEVABLE OR IF TRIGGERED BY RENOVATIONS. PURCHASER IS FURTHER ADVISED THAT PURCHASER'S INDIVIDUAL PLANS, IF ANY, TO RENT PURCHASER'S APARTMENT ON A TRANSIENT BASIS MAY GIVE RISE TO THE APARTMENT OR PORTIONS OF THE PROJECT BEING DEEMED "PUBLIC ACCOMMODATIONS" SUBJECT TO ANY APPLICABLE PROVISIONS OF THE ADA.

PURCHASER ACKNOWLEDGES AND AGREES, FOR HIM OR HER SELF AND HIS OR HER SUCCESSORS, HEIRS AND ASSIGNS, THAT PURCHASER SHALL BE RESPONSIBLE FOR COMPLIANCE OF THE

APARTMENT OR PUBLIC ACCOMMODATION, IF DEEMED A PUBLIC ACCOMMODATION OR PART OF A PUBLIC ACCOMMODATION SUBJECT TO THE ADA, AND HEREBY RELEASES SELLER AND ITS AFFILIATES, AND THEIR AND EACH OF THEIR RESPECTIVE PAST, PRESENT AND FUTURE MEMBERS, MANAGERS, DIRECTORS, OFFICERS, SHAREHOLDERS, EMPLOYEES, PROPERTY MANAGERS, AGENTS, AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS FROM, AND WAIVES ANY CLAIM, ACTION OR LIABILITY WHICH ARISES FROM OR RELATES TO, SUCH ADA NONCOMPLIANCE. PURCHASER FURTHER ACKNOWLEDGES AND AGREES, FOR HIM OR HER SELF AND HIS OR HER SUCCESSORS, THAT PURCHASER HAS CONSIDERED THE POTENTIAL FOR FURTHER ADA REMEDIATION OBLIGATIONS IN CONNECTION WITH THE OFFER OR SALE OF THE APARTMENT OR PROJECT, AND ACCEPTS THAT ANY SUCH OBLIGATIONS SHALL BE AT PURCHASER'S SOLE RISK. PURCHASERS WHO PLAN TO USE THEIR APARTMENTS AS RENTALS OR PUBLIC ACCOMMODATIONS SHOULD CONSULT THEIR OWN ADVISORS ABOUT THEIR OBLIGATIONS UNDER DISABILITIES LAWS.

9. **FLOOD ZONE.** County records indicate that the Project is located in Flood Insurance Rate Map (FIRM) Zone AE. The current Managing Agent for the Project has obtained or will obtain flood insurance for the Project, however, Seller disclaims and makes no promises as to the adequacy of such insurance coverage.

10. **HAZARDOUS MATERIALS.** Seller has obtained a Phase I Environmental Site Assessment dated October 12, 2004, prepared by BA Environmental (the "Phase I Report"). The Phase I Report indicates, among other things, that due to the age of the Building, there is a low to moderate potential for the presence of asbestos-containing materials; however, no independent investigation has been done. Seller has made no other independent investigation as to other hazardous substances in the Apartments or in, under or around the Project, including, but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. In light of the age of the Project, there may be other hazardous substances in the Apartments or in, under or around the Project. Because of the possible presence of such substances, Purchasers should have their respective Apartments inspected to determine the extent (if any) of such contamination and any necessary remedial action. Seller will not correct any defects in the Apartment or in the Project or anything installed or contained therein and Purchaser shall expressly release Seller from any liability if any hazardous materials are discovered. Purchaser shall have ten (10) days from the date of Seller's execution of this Agreement to perform a risk assessment or inspection, at Purchaser's option and expense, for the presence of hazardous materials in the Apartment or Project. PURCHASER ACKNOWLEDGES THAT PURCHASER HAS RECEIVED AND CAREFULLY REVIEWED A COPY OF THE PHASE I REPORT.

11. **LEAD-BASED OR LEAD CONTAINING PAINT.** Purchasers are hereby notified that the Project may present exposure to lead from lead-based or lead-containing paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage,

including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. Seller has provided Purchaser with a lead paint addendum to this Agreement, which has been acknowledged by Purchaser. Purchaser shall have ten (10) days from the date of Seller's execution of this Agreement to perform a risk assessment or inspection, at Purchaser's option and expense, for the presence of lead-based paint and/or lead-based hazards in the Apartment.

12. **MOLD/MILDEW.** Tropical climates with warm temperatures, high humidity and frequent precipitation are generally conducive to the propagation of mold, mildew, fungus and other types of bacterial growths. Though the Building, deck surfaces and other improvements that are a part of the Project may be cleaned to satisfactory appearance, Purchaser acknowledges that Seller cannot guaranty that mold, mildew, fungus and other types of bacterial growths can be eliminated. Purchaser should be aware that, as with all properties, the Building may have hidden, enclosed and unreachable areas where growths can occur and cannot be detected or completely removed, and that there may in the future be mold and mildew growth in the Project if the Association and occupants of the Apartments do not properly maintain the Project. If Purchaser, any member of Purchaser's family, or any person who will inhabit the Apartment has respiratory, skin or other health ailments or conditions that can be affected by mold, mildew, fungus or other types of bacterial growths, they should seek professional advice before completing this purchase. It is agreed that Seller does not undertake to provide counsel as to the effect that any mold, mildew, fungus and other type of bacterial growths in the Project may have relating to the health, welfare and continued enjoyment of the Apartment and the Project by Purchaser or any particular individual. Purchaser shall have ten (10) days from the date of Seller's execution of this Agreement to perform or engage a professional consultant to perform a risk assessment or inspection in the Apartment and the Project, at Purchaser's option and expense, for the presence of mold, mildew, fungus or other types of bacterial growths in the Apartment and the Project.
13. **FLOOR LEVELING.** The floors of certain Apartments may not be exactly level. In most instances, floor coverings will render such leveling discrepancies unnoticeable. Some purchasers, may, however, notice such floor conditions notwithstanding floor coverings.
14. **LEASE OF COMMERCIAL APARTMENTS AND COMMON ELEMENTS.** Seller has reserved the right in the Declaration to convey commercial apartments HC-1, C-1, C-2, C-8 and C-9 to the Association with the intent that the Association enter into a lease of commercial apartment HC-1, which comprises the front desk of the Project, some or all of commercial apartments C-1, C-2, C-8, and C-9, and the janitor rooms on the upper floors of the Building, which provide support to the front desk operation, with Aqua Hotels & Resorts, LLC (the "Front Desk Lease"). In the event the Front Desk Lease or any similar agreement terminates, the Association will be responsible to maintain 24-hour clerk service and facilities for registration and keeping of records relating to hotel guests, among other things, as provided in the Declaration so that the Project does not lose its status as a nonconforming hotel. Purchaser acknowledges and agrees that upon conveyance of said commercial apartments to the Association, Seller may enter into the proposed Front Desk Lease, as the same may be reasonably amended, on behalf of the Association. **PURCHASERS SHOULD READ CAREFULLY THE PROPOSED FRONT DESK LEASE, A COPY OF WHICH PURCHASER HEREBY ACKNOWLEDGES RECEIVING.**

15. **REAL PROPERTY TAXES.** Real property taxes for the Apartments will become the obligation of Purchaser upon closing of the sale of the Apartment. PURCHASERS SHOULD CONTACT THE REAL PROPERTY TAX DIVISION OF THE CITY AND COUNTY OF HONOLULU TO DETERMINE THE CURRENT REAL PROPERTY TAX PAYMENT DUE FOR THE APARTMENT AND SUCH OTHER INFORMATION PURCHASER DEEMS RELEVANT.
16. **POOL SAFETY.** Purchaser is aware that there is no lifeguard on duty at the pool within the Project. There is no fence enclosing the pool. Accordingly, Purchaser acknowledges that Purchaser's safety as well as the safety of Purchaser's children, tenants and guests are Purchaser's own responsibility while using the pool. Children must be accompanied by an adult while using the pool and there is no diving permitted. Purchaser is directed to the House Rules for more information regarding the use of the pool. All residents and guests swim at their own risk.

Seller hereby discloses that there is no whirlpool in the Project, notwithstanding the depiction of a proposed whirlpool on the Condominium Map.

17. **NUISANCE AND NATURAL OCCURRENCE DISCLOSURES.** The following is a partial list of potential items which Apartment owners or occupants may find objectionable:
 - (i) **AIRFLOW AND WIND.** Air flow in, around and through the Building, the Project, and the Apartment resulting in smoke (from tobacco or other smoking substances), barbeque odors, other cooking odors, perfumes, and other odors being transmitted to the Apartment or the Project and wind or wind-related noises or nuisances that may result therefrom.
 - (ii) **BUILDING AND HOTEL OPERATIONS.** Noises, odors, chemical odors or fumes from Building or hotel operations, including janitorial, maid, elevator and mechanical equipment operations, and landscape maintenance, repair and replacement activity.
 - (iii) **NEIGHBORS.** Neighbors, including adjacent apartment owners, their guests and invitees, whether below, above or on the side of the Apartment and their respective behaviors and idiosyncrasies, whether occurring in an apartment or the common areas of the Project.
 - (iv) **ADJACENT PROPERTIES.** Nuisances arising from adjacent properties and their respective operational issues, such as trash pickup, deliveries, guests, tenants, clients and invitees, and any construction work they may perform from time to time.
 - (v) **PEDESTRIANS.** Nuisances arising from pedestrian traffic.
 - (vi) **TRAFFIC.** Nuisances arising from traffic, including dust, sounds (alarms, engines, screeching tires, etc.), and exhaust fumes.
 - (vii) **NATURAL OCCURRENCES.** Earthquakes, tsunamis, volcanic ash or haze, animals, insects, pestilence, drought, and other natural occurrences.

- (viii) **CONDOMINIUM LIVING.** The Building is multi-storied. As such, there are other apartments located adjacent to, above and/or below the Apartment. There is some possibility of sound transmission, smells, smoke, and other possible nuisances between apartments.
- (ix) **WINDOWS IN FLOOR HALLWAYS/FOYER AREAS.** The hallways or foyers on the upper floors of the Project can be opened and are not sealed, screened in or otherwise protected to prevent falls or other dangerous occurrences relating to open windows at varying elevations from the ground.

This is not a complete list of all potential objectionable matters, and Purchaser acknowledges there may be others. Purchaser releases and indemnifies Seller, its agents, consultants, contractors and employees from any and all liability or claims made by Purchaser, any successor or assigns of Purchaser, or any tenant or guest of Purchaser, arising from all such matters, whether listed above or otherwise.

EACH PURCHASER AGREES TO ACCEPT EACH CONDITION, CIRCUMSTANCE AND RISK DESCRIBED ABOVE OR IN ANY OF THE REPORTS OR INFORMATION PROVIDED BY SELLER, AND FURTHER AGREES THAT NEITHER SELLER, NOR ANY OF THE "RELEASED PARTIES" DESCRIBED IN SECTION 1 ABOVE, SHALL BE RESPONSIBLE FOR CORRECTING ANY SUCH CONDITIONS.

NOTE: EACH PURCHASER WILL BE REQUIRED TO SIGN A "BUYER DISCLOSURE STATEMENT" CONTAINING ADDITIONAL DISCLOSURES REGARDING THE PROJECT. IT SHOULD BE READ WITH CARE.

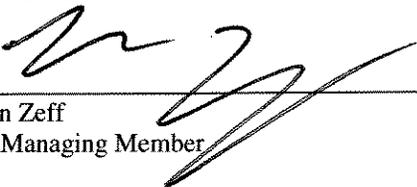
- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, except for those zoning and building code violations known to developer and disclosed to buyers herein and such latent or hidden conditions that may be in violation of county zoning and building ordinances and codes unknown to developer.

- E. 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 buyers 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.

CP ALOHA SURF, LLC,
a Hawaii limited liability company

By CP INVESTMENT FUND, L.P.,
a Delaware limited partnership
Its Managing Member

By CARMEL PARTNERS GP, LLC,
a Delaware limited liability company
Its General Partner

By 

Ron Zeff
Its Managing Member

Date: January 24, 2005

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

***Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.**

EXHIBIT "A"

RIGHTS RESERVED BY DEVELOPER

Among other rights, Developer will have the following reserved rights with respect to the Project that are particularly set forth in the Declaration, Bylaws and Buyer Disclosure Statement:

DECLARATION

A. RESERVED RIGHT TO GRANT EASEMENTS. These rights are set forth in Paragraph D.6 of the Declaration and Paragraph Z. of the Second Amendment to Declaration. Developer will have, among other things, the right to grant utility easements, and to delete, relocate, realign, reserve, grant and receive any and all easements and rights of way over, under and on the common elements. Developer's rights under said Paragraph Z. are reserved until December 31, 2015.

B. DEVELOPER'S RIGHT TO USE. This right is set forth in Paragraph F.10 of the Second Amendment To Declaration. Until an apartment owned by Developer is sold and conveyed to a buyer, Developer and its affiliates have the right to use the apartment and the limited common elements appurtenant thereto for promotional purposes, including as sales, rental or leasing offices or as a place utilized to provide services to the owners or other occupants of the Project. Developer has the right to have guests stay in such apartments for any length of time. Developer may grant licenses to use the limited common elements appurtenant to any apartment owned by Developer to the Association or any third party to the extent permissible by law.

C. RESERVED RIGHT TO AMEND DECLARATION. This right is set forth in Paragraph Q. of the Declaration. Developer reserves, among other things, the right to amend the Declaration without the consent or joinder of the persons then owning or leasing the apartments by filing an amendment to this Declaration pursuant to the provisions of Section 514A-12, Hawaii Revised Statutes, as amended.

D. RESERVED RIGHT TO CONVERT LIMITED COMMON ELEMENTS TO APARTMENTS. This right is set forth at Paragraph AA. of the Second Amendment to Declaration. Developer shall have, among other things, the right until December 31, 2015, without obtaining the approval of any party with an interest in the Project, including any other Owner and/or mortgagee, to convert a Limited Common Element appurtenant to such Apartment or Apartments owned by Developer, or any portion thereof, into a separate Apartment of the Project.

E. RESERVED RIGHT TO CONVERT PARKING STALL APARTMENTS TO LIMITED COMMON ELEMENTS. This right is set forth at Paragraph BB. of the Second Amendment to Declaration. Developer shall have, among other things, the right until December 31, 2015, without obtaining the approval of any part with an interest in the Project, including any other Owner and/or mortgagee, to convert a parking stall apartment and any limited common element appurtenant thereto, or any portion thereof, into a limited common element or limited common elements appurtenant to an apartment or apartments owned by Developer.

F. RESERVED RIGHT TO SUBDIVIDE AND CONSOLIDATE APARTMENTS. This right is set forth at Paragraph CC. of the Second Amendment to Declaration. Developer will have, among other things, the right until December 31, 2015, to (1) alter the floor plan of any Apartment which it owns so long as the common interest appurtenant to the Apartment does not change; (2) subdivide any Apartment which it owns at any time to create two (2) or more Apartments so long as the total common interest appurtenant to the newly-created Apartments are equal to the common interest appurtenant to the original Apartment; (3) convert the status of certain portions of an existing Apartment to common element status to facilitate the subdivision so long as the total common interest appurtenant to the newly-created Apartment(s) equal the common interest appurtenant to the original Apartment; (4) convert a Limited Common Element appurtenant to an apartment or apartments owned by Developer, or any portion thereof, into a separate apartment of the Project; and (5) consolidate two or more Apartments which it owns and convert any area between Apartments to Apartment status.

G. RESERVED RIGHT TO MODIFY PROJECT. This right is set forth at Paragraph DD. of the Second Amendment to Declaration. Developer will have, among other things, the reserved right, but not the obligation, to

and until December 31, 2015 to effect such modifications to apartments and common elements in the Project to ensure full compliance by the Project, and the Association with laws that apply to the Project. However, this right does not create an obligation on Developer's part to effect such compliance.

H. RESERVED RIGHT TO UTILIZE LIMITED COMMON ELEMENT AREAS. This right is set forth at Paragraph EE. of the Second Amendment to Declaration. The Owner of a Commercial Apartment HC-1 shall have, among other things, the reserved right, but shall have no obligation, to operate, lease and/or utilize all or any part of the Limited Common Elements of the Project, and which are appurtenant to such Apartment, for any purpose permitted by law, including, without limitation, for purposes related to the sale of real estate, or providing services and amenities consistent with the highest standards for other condominium hotel projects similar in size, age and condition to the Project that are located in Waikiki, Oahu, Hawaii. The Owners of Commercial Apartments may contract with various providers of goods and services, such as food and beverage operators, retail stores and other vendors, to provide goods and services at the Project, and may retain any compensation paid to the Owners in consideration of the Owners permitting any such vendor to utilize space at the Project.

I. RESERVED RIGHT TO REDESIGNATE LIMITED COMMON ELEMENTS. This right is set forth at Paragraph FF. of the Second Amendment to Declaration. Developer will have, among other things, the right until December 31, 2015, to change or amend the Declaration to redesignate all or a portion of certain limited common elements appurtenant to an Apartment owned by Developer, as appurtenances to another Apartment or Apartments owned by Developer.

J. RESERVED RIGHT TO CONVEY APARTMENTS AND LIMITED COMMON ELEMENTS TO ASSOCIATION. This right is set forth at Paragraph GG. of the Second Amendment to Declaration. Developer will have, among other things, the right until December 31, 2015, to convey to the apartments that are owned by the Developer, including without limitation Commercial Apartments HC-1, C-1, C-2, C-8 and C-9, and free of liens, to the Association and to redesignate limited common elements appurtenant to apartments owned by the Developer to limited common elements to apartments owned by the Association and to the extent necessary or required, to amend the Declaration and the Condominium Map to effect the same. Such conveyance may be subject to the terms of any license, lease or other agreement to utilize, manage, operate or otherwise deal with the commercial apartments and limited common elements appurtenant thereto, provided the Association is not liable for any obligations of Developer under the agreement(s) arising prior to such conveyance to the Association.

K. RESERVED RIGHTS TO WITHDRAW APARTMENTS. This right is set forth at Paragraph HH. of the Second Amendment to Declaration. Developer will have, among other things, the right until December 31, 2015, to withdraw Apartments that it owns in the Project from the operation of the Declaration and to allocate the common interests attributable to such withdrawn Apartments to any Apartment in the Project owned by Developer.

L. ASSIGNMENT OF RESERVED RIGHTS. Pursuant to Paragraph II. of the Second Amendment to Declaration, the rights reserved by Developer are fully assignable.

M. CONSENT TO DEVELOPER'S RESERVED RIGHTS; APPOINTMENT OF DEVELOPER AND ASSOCIATION AS ATTORNEY-IN-FACT. Pursuant to Paragraph JJ. of the Declaration, every party acquiring an interest in the Project consents to Developer's exercise of its reserved rights and to the execution, delivery and recording of any documents to effect these rights. Every party agrees to execute, deliver and record documents and do what may be necessary or convenient to effect the same; and appoints Developer its attorney-in-fact to execute, deliver and record such documents and do such other things on his behalf.

BYLAWS

A. RESERVED RIGHT TO AMEND BYLAWS. This right is set forth in the Amended and Restated Bylaws. Developer shall have the reserved right to unilaterally amend these Bylaws for the purpose of complying with any applicable State, Federal or County law, or for the purpose of incorporating requirements imposed by any institutional mortgage lender or by the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, U.S. Department of Housing and Urban Development or Veterans Administration, or for the purpose of bringing the Project and/or these Bylaws into compliance with the laws and rules of any other jurisdiction in which the Developer intends to register, market or sell Apartments. Each and every party acquiring an interest in the

Project, by such acquisition, consents to such amendments as described in the preceding sentence and agrees to execute and deliver such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its assigns his attorney-in-fact with full power of substitution to execute and deliver such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be effected by the disability of such party or parties. Further, no amendment to the Declaration or these Bylaws that affects the Developer's reserved rights contained within the Declaration shall be valid, unless consented to by the Developer in writing.

BUYER DISCLOSURE STATEMENT

A. **DEVELOPMENT AND FLOOR PLANS.** Developer, as Seller, reserves the right, without notice, to alter floor plans, materials, features, exterior elevations, prices, available optional items and the design of the apartments.

B. **CHANGES IN DEVELOPMENT PLAN.** The Hawaii real estate market continually fluctuates due to changes in economic, social and political conditions that directly affect the supply of and demand for housing. As a result, apartment prices as well as the terms and conditions of sale are also subject to change. Therefore, with the exception of Buyer's apartment, Developer, as Seller, reserves the right at any time prior to or after the close of escrow for the sale of an apartment and without notice, (i) to increase or decrease the sale price, adjust incentives and/or otherwise adjust the terms and conditions of sale for apartments in the Project (or in the vicinity thereof), and (ii) change the number, size, location, and design of apartments.

C. **RIGHT OF SUBSTITUTION.** From time to time due to unavailability and other considerations, it may be necessary for Developer, as Seller, to make substitutions of materials and other items used in maintenance of the apartments from those materials and items displayed in the models. Therefore, Seller reserves the right to make any changes or substitutions as Seller deems necessary or desirable to the color schemes, building materials, fixtures, appliances and other components of the apartments. The foregoing substitutions may include, without limitation, kitchen appliances, household fixtures, electrical outlets and switches, hardware, wall surfaces, painting and other similar items. Seller shall have the right to make the substitutions described above without adjustment to the purchase price of Buyer's apartment. Nothing shall impose any obligation on Seller to upgrade or repair any apartment in the Project, which will be sold in "AS IS" basis as set forth in the Purchase Agreement and in this Statement.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL THE RIGHTS RESERVED BY DEVELOPER UNDER THE CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF SUCH RESERVED RIGHTS, PURCHASER MUST REFER TO THE CONDOMINIUM DECLARATION AND BYLAWS TO DETERMINE THE ACTUAL RIGHTS RESERVED BY DEVELOPER. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE DECLARATION OR THE BYLAWS, THE DECLARATION OR BYLAWS, AS APPLICABLE, WILL CONTROL.

END OF EXHIBIT "A"

EXHIBIT "B"

APARTMENT DESCRIPTIONS, SQUARE FOOTAGES, PERCENTAGE OF COMMON INTEREST

Apartment Number	Apartment Types*	Bedrooms/ Baths/Kitchen**	Total Square Footage, including Lanais***	Common Interest****
200	B1	0/1/0	218	.2718%
201	B3	0/1/0	222	.2768%
202	B6	0/1/0	226	.2817%
203	A1	0/1/0	175	.2182%
204	A2	0/1/0	183	.2281%
205	A1	0/1/0	175	.2182%
206	B3	0/1/0	222	.2768%
207	B5	0/1/0	224	.2792%
208	B2	0/1/0	219	.2730%
209	B2	0/1/0	219	.2730%
210	B5	0/1/0	224	.2792%
211	B3	0/1/0	222	.2768%
212	B3	0/1/0	222	.2768%
213	B8	0/1/0	229	.2855%
214	B3	0/1/0	222	.2768%
215	A1	0/1/0	175	.2182%
216	B7	0/1/0	228	.2842%
217	B2	0/1/0	219	.2730%
218	B9	0/1/0	253	.3154%
219	B1	0/1/0	218	.2718%
300	B1	0/1/0	218	.2718%
301	B3	0/1/0	222	.2768%
302	B6	0/1/0	226	.2817%
303	A1	0/1/0	175	.2182%
304	A2	0/1/0	183	.2281%
305	A1	0/1/0	175	.2182%
306	B3	0/1/0	222	.2768%
307	B5	0/1/0	224	.2792%
308	B2	0/1/0	219	.2730%
309	B2	0/1/0	219	.2730%
310	B5	0/1/0	224	.2792%
311	B3	0/1/0	222	.2768%
312	B3	0/1/0	222	.2768%
313	B8	0/1/0	229	.2855%
314	B3	0/1/0	222	.2768%
315	A1	0/1/0	175	.2182%
316	B7	0/1/0	228	.2842%
317	B2	0/1/0	219	.2730%
318	B9	0/1/0	253	.3154%
319	B1	0/1/0	218	.2718%
400	C1	0/1/0	261	.3254%
401	D1	0/1/1	360	.4488%
402	C3	0/1/0	335	.4176%
403	D3	0/1/1	363	.4525%
404	D5	0/1/1	367	.4575%
405	D4	0/1/1	365	.4550%
406	D2	0/1/1	361	.4500%

Apartment Number	Apartment Types*	Bedrooms/ Baths/Kitchen**	Total Square Footage, including Lanais***	Common Interest****
407	D1	0/1/1	360	.4488%
408	D4	0/1/1	365	.4550%
409	D7	0/1/1	386	.4812%
410	C3	0/1/0	335	.4176%
411	D6	0/1/1	374	.4662%
412	C2	0/1/0	301	.3752%
413	B4	0/1/0	223	.2780%
500	C1	0/1/0	261	.3254%
501	D1	0/1/1	360	.4488%
502	C3	0/1/0	335	.4176%
503	D3	0/1/1	363	.4525%
504	D5	0/1/1	367	.4575%
505	D4	0/1/1	365	.4550%
506	D2	0/1/1	361	.4500%
507	D1	0/1/1	360	.4488%
508	D4	0/1/1	365	.4550%
509	D7	0/1/1	386	.4812%
510	C3	0/1/0	335	.4176%
511	D6	0/1/1	374	.4662%
512	C2	0/1/0	301	.3752%
513	B4	0/1/0	223	.2780%
600	C1	0/1/0	261	.3254%
601	D1	0/1/1	360	.4488%
602	C3	0/1/0	335	.4176%
603	D3	0/1/1	363	.4525%
604	D5	0/1/1	367	.4575%
605	D4	0/1/1	365	.4550%
606	D2	0/1/1	361	.4500%
607	D1	0/1/1	360	.4488%
608	D4	0/1/1	365	.4550%
609	D7	0/1/1	386	.4812%
610	C3	0/1/0	335	.4176%
611	D6	0/1/1	374	.4662%
612	C2	0/1/0	301	.3752%
613	B4	0/1/0	223	.2780%
700	C1	0/1/0	261	.3254%
701	D1	0/1/1	360	.4488%
702	C3	0/1/0	335	.4176%
703	D3	0/1/1	363	.4525%
704	D5	0/1/1	367	.4575%
705	D4	0/1/1	365	.4550%
706	D2	0/1/1	361	.4500%
707	D1	0/1/1	360	.4488%
708	D4	0/1/1	365	.4550%
709	D7	0/1/1	386	.4812%
710	C3	0/1/0	335	.4176%
711	D6	0/1/1	374	.4662%
712	C2	0/1/0	301	.3752%
713	B4	0/1/0	223	.2780%
800	C1	0/1/0	261	.3254%
801	D1	0/1/1	360	.4488%

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Apartment Number	Apartment Types*	Bedrooms/ Baths/Kitchen**	Total Square Footage, including Lanais***	Common Interest****
802	C3	0/1/0	335	.4176%
803	D3	0/1/1	363	.4525%
804	D5	0/1/1	367	.4575%
805	D4	0/1/1	365	.4550%
806	D2	0/1/1	361	.4500%
807	D1	0/1/1	360	.4488%
808	D4	0/1/1	365	.4550%
809	D7	0/1/1	386	.4812%
810	C3	0/1/0	335	.4176%
811	D6	0/1/1	374	.4662%
812	C2	0/1/0	301	.3752%
813	B4	0/1/0	223	.2780%
900	C1	0/1/0	261	.3254%
901	D1	0/1/1	360	.4488%
902	C3	0/1/0	335	.4176%
903	D3	0/1/1	363	.4525%
904	D5	0/1/1	367	.4575%
905	D4	0/1/1	365	.4550%
906	D2	0/1/1	361	.4500%
907	D1	0/1/1	360	.4488%
908	D4	0/1/1	365	.4550%
909	D7	0/1/1	386	.4812%
910	C3	0/1/0	335	.4176%
911	D6	0/1/1	374	.4662%
912	C2	0/1/0	301	.3752%
913	B4	0/1/0	223	.2780%
1000	C1	0/1/0	261	.3254%
1001	D1	0/1/1	360	.4488%
1002	C3	0/1/0	335	.4176%
1003	D3	0/1/1	363	.4525%
1004	D5	0/1/1	367	.4575%
1005	D4	0/1/1	365	.4550%
1006	D2	0/1/1	361	.4500%
1007	D1	0/1/1	360	.4488%
1008	D4	0/1/1	365	.4550%
1009	D7	0/1/1	386	.4812%
1010	C3	0/1/0	335	.4176%
1011	D6	0/1/1	374	.4662%
1012	C2	0/1/0	301	.3752%
1013	B4	0/1/0	223	.2780%
1100	C1	0/1/0	261	.3254%
1101	D1	0/1/1	360	.4488%
1102	C3	0/1/0	335	.4176%
1103	D3	0/1/1	363	.4525%
1104	D5	0/1/1	367	.4575%
1105	D4	0/1/1	365	.4550%
1106	D2	0/1/1	361	.4500%
1107	D1	0/1/1	360	.4488%
1108	D4	0/1/1	365	.4550%
1109	D7	0/1/1	386	.4812%
1110	C3	0/1/0	335	.4176%

EXHIBIT "B"
(Page 3 of 6)

Apartment Number	Apartment Types*	Bedrooms/ Baths/Kitchen**	Total Square Footage, including Lanais***	Common Interest****
1111	D6	0/1/1	374	.4662%
1112	C2	0/1/0	301	.3752%
1113	B4	0/1/0	223	.2780%
1200	C1	0/1/0	261	.3254%
1201	D1	0/1/1	360	.4488%
1202	C3	0/1/0	335	.4176%
1203	D3	0/1/1	363	.4525%
1204	D5	0/1/1	367	.4575%
1205	D4	0/1/1	365	.4550%
1206	D2	0/1/1	361	.4500%
1207	D1	0/1/1	360	.4488%
1208	D4	0/1/1	365	.4550%
1209	D7	0/1/1	386	.4812%
1210	C3	0/1/0	335	.4176%
1211	D6	0/1/1	374	.4662%
1212	C2	0/1/0	301	.3752%
1213	B4	0/1/0	223	.2780%
1400	C1	0/1/0	261	.3254%
1401	D1	0/1/1	360	.4488%
1402	E	0/1/0	335	.4176%
1403	F1	0/1/1	363	.4525%
1404	D5	0/1/1	367	.4575%
1405	D4	0/1/1	365	.4550%
1406	D2	0/1/1	361	.4500%
1407	D1	0/1/1	360	.4488%
1408	D4	0/1/1	365	.4550%
1409	F2	0/1/1	386	.4812%
1410	E	0/1/0	335	.4176%
1411	D6	0/1/1	374	.4662%
1412	C2	0/1/0	301	.3752%
1413	B4	0/1/0	223	.2780%
1500	C1	0/1/0	261	.3254%
1501	D1	0/1/1	360	.4488%
1502	C3	0/1/0	335	.4176%
1503	D3	0/1/1	363	.4525%
1504	D5	0/1/1	367	.4575%
1505	D4	0/1/1	365	.4550%
1506	D2	0/1/1	361	.4500%
1507	D1	0/1/1	360	.4488%
1508	D4	0/1/1	365	.4550%
1509	D7	0/1/1	386	.4812%
1510	C3	0/1/0	335	.4176%
1511	D6	0/1/1	374	.4662%
1512	C2	0/1/0	301	.3752%
1513	B4	0/1/0	223	.2780%
PH-A	G4	0/1/1	529	.6595%
PH-B	H4	1/1/1	649	.8091%
PH-C	H6	1/1/1	727	.9063%
PH-D	H3	1/1/1	591	.7368%
PH-E	H2	1/1/1	559	.6969%
PH-F	H1	1/1/1	536	.6682%

EXHIBIT "B"
(Page 4 of 6)

Apartment Number	Apartment Types*	Bedrooms/ Baths/Kitchen**	Total Square Footage, including Lanais***	Common Interest****
PH-G	H5	1/1/1	672	.8378%
PH-H	G1	0/1/0	416	.5186%
PH-I	G2	0/1/1	491	.6121%
PH-J	G3	0/1/1	503	.6270%
P1	Parking	0/0/0		.2042%
P2	Parking	0/0/0		.2042%
P3	Parking	0/0/0		.2042%
P4	Parking	0/0/0		.2042%
P5	Parking	0/0/0		.2042%
P6	Parking	0/0/0		.2042%
P7	Parking	0/0/0		.2042%
P8	Parking	0/0/0		.2042%
P9	Parking	0/0/0		.2042%
P10	Parking	0/0/0		.2042%
P11	Parking	0/0/0		.2042%
P12	Parking	0/0/0		.2042%
P13	Parking	0/0/0		.2042%
P14	Parking	0/0/0		.2042%
P15	Parking	0/0/0		.2042%
P16	Parking	0/0/0		.2042%
P17	Parking	0/0/0		.2042%
P18	Parking	0/0/0		.2042%
P19	Parking	0/0/0		.2042%
P20	Parking	0/0/0		.2042%
P21	Parking	0/0/0		.2042%
P22	Parking	0/0/0		.2042%
P23	Parking	0/0/0		.2042%
P24	Parking	0/0/0		.2042%
P25	Parking	0/0/0		.2042%
P26	Parking	0/0/0		.2042%
P27	Parking	0/0/0		.2042%
P28	Parking	0/0/0		.2042%
P29	Parking	0/0/0		.2042%
P30	Parking	0/0/0		.2042%
P31	Parking	0/0/0		.2042%
P32	Parking	0/0/0		.2042%
P33	Parking	0/0/0		.2042%
P34	Parking	0/0/0		.2042%
P35	Parking	0/0/0		.2042%
P36	Parking	0/0/0		.2042%
P37	Parking	0/0/0		.2042%
P38	Parking	0/0/0		.2042%
P39	Parking	0/0/0		.2042%
P40	Parking	0/0/0		.2042%

EXHIBIT "B"
(Page 5 of 6)

Apartment Number	Apartment Types*	Bedrooms/ Baths/Kitchen**	Total Square Footage, including Lanais***	Common Interest****
C-1	Commercial	0/0/0	681	.8490%
C-2	Commercial	0/1/0	363	.4525%
C-3	Commercial	0/1/0	482	.6009%
C-4	Commercial	0/1/0	624	.7779%
C-5	Commercial	0/0/0	1226	1.5284%
C-6	Commercial	0/0/0	575	.7168%
C-7	Commercial	0/1/0	494	.6158%
C-8	Commercial	0/0/0	552.25	.6884%
C-9	Commercial	0/0/0	437	.5448%
HC-1	Commercial	0/0/0	1652	2.0594%
				100.000000%

* The Apartment Type designations reflect groupings of apartments having the same general floor plan. It should be noted that because construction is not a precise science, it is not always possible to construct each Apartment of a particular Apartment Type such that they have precisely the same square footage. Accordingly, Apartments of a particular Apartment Type designation may vary slightly as to the square footage which is reflected above.

** Attached as Exhibit "B-1" is a list of the lodging units in the Project, which do not have kitchens and are prohibited from adding kitchens as provided in the Declaration.

*** The approximate total square footage of each hotel apartment as set forth above is measured from the interior decorated or finished surface of the apartment perimeter and party walls and includes all of the non-load bearing interior walls and partitions within its perimeter walls. The areas shown are approximate only, and the developer makes no representations or warranties whatsoever as to the area of any particular apartment.

The total square footage of each hotel apartment includes the square footage of any lanai attached thereto. Apartments on the second and third floor of the Project and Apartments ending in 13 on the fourth to and including the fifteenth floors (there is no 13th floor) of the Project do not have lanais. No separate measurements for the interior of the apartments and the lanais were provided by the original developer.

**** The Common Interest for each Apartment was assigned by the original developer of the Project. The developer under this public report has been unable to determine with certainty the method or formula used by the original developer in computing the percentage common interest appurtenant to each Apartment.

END OF EXHIBIT "B"

EXHIBIT "B"
(Page 6 of 6)

EXHIBIT "B-1"

LODGING UNITS

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201
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1002
1010
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1102
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1200
1202
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1213
1400
1402
1410
1412
1413
1500
1502
1510
1512
1513
PH-H

EXHIBIT "C"

BOUNDARIES OF EACH APARTMENT

Each hotel apartment shall be deemed to include the space within its boundaries as indicated on the Condominium Map and shall be deemed to include all nonload-bearing walls and partitions and the inner decorated or finished surfaces of all walls, floors and ceilings within the perimeter walls of the apartment, including paint, wallpaper or the like, carpeting, floor covering, exterior glass, the entrance door and building-in fixtures, and the adjacent lanai, if any. Additionally, an apartment which has a lanai shall include the sliding doors, windows and glass walls and the door frames thereof which separate the lanai from the rest of the apartment. The respective hotel apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing surfaces of the perimeter walls or interior load-bearing walls, the floors and ceilings surrounding each apartment or any pipes, wires, conduits or other utility lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements.

Each parking stall apartment shall be limited within the perimeter of the painted striping. Each parking stall apartment shall include the space within its respective boundaries and shall include the air space up to a height, measured perpendicularly from the floor, of 6 feet, 6 inches.

Each commercial apartment shall include the space within its boundaries as indicated on the Condominium Map and shall be deemed to include all of the nonload-bearing walls and partitions within its perimeter walls and the inner decorated or finished surfaces of all walls and floors within its perimeter walls up to the ceiling or in those apartments in which the ceiling is a concrete slab, up to such concrete slab. Additionally, the exterior boundary of each commercial apartment is deemed to include the undecorated or unfinished surfaces of the interior perimeter walls or interior load-bearing walls, including all glass walls and the furred ceiling or undecorated or unfinished surface of the concrete slab ceiling of such apartment, as the case may be. The unfinished surfaces of the floors of each commercial apartment and any pipes, wires, conduits or other utility lines running through such commercial apartment which are utilized for or which serve more than one commercial apartment, the same being deemed common elements.

END OF EXHIBIT "C"

EXHIBIT "D"

PERMITTED ALTERATIONS TO APARTMENTS

A. **GENERAL PROVISIONS.** Except as otherwise provided in the Declaration or by applicable law, restoration or replacement of the Project or any portion thereof or construction of any additional improvement or structural alteration or addition to any improvement, different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association or any apartment owner only pursuant to an amendment of the Declaration in accordance with paragraph O.1 thereof, duly executed, accompanied by the written consent of the holders of all mortgage liens affecting any of the apartments involved, and in accordance with complete plans and specifications therefor first approved in writing by the Board. Promptly upon completion of such restoration, replacement or construction, the Association or owner, as the case shall be, shall duly record such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.

B. **ADDITIONS OR ALTERATIONS SOLELY WITHIN AN APARTMENT OR LIMITED COMMON ELEMENT.** Notwithstanding anything to the contrary contained in the Declaration, pursuant to Paragraph O, Section 2. thereof, an owner or owners (if there be more than one owner of an apartment) of an apartment shall have the right at any time and from time to time at such owner's or owners' sole cost and expense, and without the necessity of the consent or joinder of any other apartment owner, to make any of the following alterations solely within the apartment or limited common element which such owner or owners control: to install, maintain, remove and rearrange partitions (including the party wall between two apartments owned by the same owner or owners and other structures from time to time within such apartment or limited common element, to finish, alter or substitute any plumbing, electrical or other fixtures attached to the ceilings, floors and walls as shall be appropriate for the utilization of such apartment or limited common element by such owner or owners or the tenants or lessees thereof, and to tile, finish, re-carpet, and do or cause to be done such work on the floors of any apartment or limited common element that does not increase the noise level or sound transmission from such apartment or limited common element; provided, however, that nothing contained in this paragraph shall authorize any work or alteration which would jeopardize the soundness or safety of any part of the Project, reduce the value thereof, materially adversely affect any other apartment or limited common element, materially alter the uniform external appearance of the Project, materially affect or impair any easement or rights of any of the other apartment owners or materially interfere with or deprive any non-consenting owner or owners of the use or enjoyment of any part of the common elements subject, however, to the exclusive use of the limited common elements. Further, nothing in this paragraph shall prohibit the Board from effecting such changes within an apartment or limited common element, or to require the same, in order that the building and other improvements of the Project may continue to comply with applicable law, including any fire or building code requirements.

C. **APARTMENT OWNERS TO EXECUTE AMENDMENT DOCUMENTS IN CERTAIN CASES.** In the event that any change or alteration of an apartment pursuant to and in compliance with paragraph O.2 of the Declaration shall alter the depiction of the particular apartment on the Condominium Map or the description thereof in the Declaration, then the owner or owners of such apartment shall amend the Declaration and/or the Condominium Map to set forth such approved change or alteration, which amendment(s) may be executed by the owner or owners of the affected apartment or apartments and by no other party, and such shall become effective upon the recordation thereof in said Land Court. The provisions of paragraph Q. of the Declaration notwithstanding, such amendment shall not require the consent or joinder of the owner of any other apartment or any other person or entity, other than any mortgagee of such apartment or apartments which are changed or altered. Every apartment owner and all holders of liens affecting any of the apartments of the Project and each and every other party acquiring an interest in the Project or any part thereof, by acquiring such apartment, lien or other interest, consents to and agrees that he shall, if required by law or by any such owner or owners who shall have changed or altered an apartment as aforesaid, join in, consent to, execute, deliver and record all instruments and documents necessary or desirable to effect the amendment of the Declaration and/or the Condominium Map; and appoints such owner or owners and their assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable and shall not be affected by the disability of any such party.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL RESTRICTIONS ON ALTERATIONS TO APARTMENTS CONTAINED IN THE CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF RIGHTS AND OBLIGATIONS UNDER THE CONDOMINIUM DOCUMENTS, PURCHASER MUST REFER TO THE CONDOMINIUM DECLARATION, BYLAWS AND HOUSE RULES TO DETERMINE THE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONDOMINIUM DOCUMENTS, THE CONDOMINIUM DOCUMENTS, WILL CONTROL.

END OF EXHIBIT "D"

EXHIBIT "D"
(Page 2 of 2)

EXHIBIT "E"

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

A. **COMMON ELEMENTS.** One freehold estate is designated in all remaining portions of the Project not otherwise defined in the Declaration as an apartment, called the "Common Elements," including, specifically but not limited to:

- a. The land in fee simple;
- b. All foundations, floor slabs, columns, girders, beams supports, unfinished perimeter, party and load-bearing walls, roofs, entries, stairways, walkways, entrances and exits of said building;
- c. All recreation facilities, including the swimming pool and appurtenant deck area;
- d. All yards, grounds and landscaping, garden areas, refuse facilities, restrooms for common use, janitor rooms for housekeeping, maintenance, storage and other common use, switch room, telephone equipment, transformer room, lobby areas and boiler room;
- e. All driveways, parking areas (other than the parking stall apartments) and loading areas;
- f. All pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the project which serve more than one apartment for services such as power, light, gas, water, sewer, telephone and television signal distribution, if any;
- g. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

B. **LIMITED COMMON ELEMENTS.** Certain parts of the Common Elements, called the "Limited Common Elements," are designated, set aside and reserved for the exclusive use of certain apartments, and such apartments have appurtenant exclusive easements for the use of such Limited Common Elements set forth in the Declaration as follows:

- a. The following are Limited Common Elements appurtenant to and for the exclusive use of all the commercial apartments: the plumbing, electrical or other utility systems or components thereof serving more than one commercial apartment but excluding any portion of such facilities serving the residential apartments or the Limited Common Elements appurtenant thereto and provided, however, that if at any time there shall be only one commercial apartment, then such utility systems serving such apartment or Limited Common Elements appurtenant thereto shall be Limited Common Elements appurtenant to that apartment to the extent that any such system or component thereof is located outside the boundaries of such apartment.
- b. All linen storage closets located on the second through Penthouse floors, inclusive, and the linen chutes shall be appurtenant to and for the exclusive use of commercial apartment HC-1.
- c. All driveways and ramps leading from the public streets to the basement of the building including without limitation the driveway in the porte cochere, and from the public streets to the ground floor parking area shall be appurtenant to and for the exclusive use of the parking stall apartments.

- d. All electrical, plumbing, telephone, cable television or other utility systems or any component thereof serving or for the exclusive use of only one apartment or one or more Limited Common Elements appurtenant to only one apartment, to the extent such system is located outside the boundaries of such apartments as described herein, shall be a Limited Common Element appurtenant to such apartment.

- e. The costs and expenses of every description pertaining to the Limited Common Elements, including, but not limited to, the costs of maintenance, repair, replacement, improvement or additions to the Limited Common Elements, shall be charged to the Owner of the apartment to which the Limited Common Element shall be appurtenant, and if there is more than one apartment to which the Limited Common Element shall be appurtenant, then in proportion to the Common Interest appurtenant to each of the respective apartments, unless a different method is adopted pursuant to paragraph I. of the Declaration. Limited Common Elements that are appurtenant to more than one apartment shall be managed and maintained by the Managing Agent on behalf of the Owners of such apartments. In any event that a dispute shall arise between Owners of apartments to which a particular Limited Common Element shall be appurtenant with respect to the management and/or maintenance thereof, such dispute shall be resolved by the Managing Agent, which shall be the sole arbiter with respect to such matters. All of the Owners of commercial apartments to which a Limited Common Element is appurtenant, may build upon and/or alter any such Limited Common Element, may change the use of such Limited Common Element, may lease any Limited Common Element area, and, in the event that any revenues are generated from such Limited Common Element or improvements thereon or uses thereof, the Owner or Owners of the commercial apartments or commercial apartments to which such Limited Common Element is appurtenant shall be entitled to such revenues, and no other Owner shall have any right thereto.

END OF EXHIBIT "E"

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

1. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Deed dated July 6, 1927, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 13321.

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

"That at no time hereafter will it or its successors or assigns, erect or allow to be erected upon said Lots twelve (12) and/or thirteen (13), or any part thereof, any building or any part thereof, except a boundary fence or wall not more than three (3) feet in height within ten (10) feet of any road, street or boulevard adjoining said Lots twelve (12) and/or thirteen (13)."

2. Master Plan setback line, as shown on Map 25, as set forth by Land Court Order No. 26774, filed February 14, 1967.
3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Declaration of Horizontal Property Regime for the "Aloha Surf Hotel" Condominium Project and By-Laws dated September 28, 1981, recorded in said Office as Land Court Document No. 1091509, and shown on Condominium Map No. 468.

Said Declaration was amended by instruments dated August 1, 1990, filed as Land Court Document No. 1817792, dated March 29, 1991, recorded as Land Court Document No. 1817793,* dated August 29, 2001,* recorded as Land Court Document No. 2740025, and instrument dated January 18, 2005, recorded as Land Court Document No. 3241045

*Note: These amendments are to the original By-Laws for the Project, attached as Exhibit "B" to the Original Declaration, which have been superseded by the Amended and Restated Bylaws referenced as Item 14 below.

4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Supplemental Declaration of Covenants, Conditions and Restrictions for Aloha Surf Hotel dated April 20, 1982, recorded in said Office as Land Court Document No. 1116610.

The foregoing includes, but is not limited to, matters relating to time share.

5. -AS TO APARTMENT NOS. 200 THROUGH 217, 219, 300 THROUGH 319, 400 THROUGH 413, 500 THROUGH 513, 600 THROUGH 613, 700, 701, 705 THROUGH 712, 800, 801, 803 THROUGH 807, 810 THROUGH 813, 900, 901, 904 THROUGH 907, 909, 911 THROUGH 913, 1000 THROUGH 1010, 1012, 1013, 1100 THROUGH 1112, 1200 THROUGH 1204, 1206 THROUGH 1208, 1211, 1212, 1400 THROUGH 1403, 1405, 1406, 1409, 1412, 1500 THROUGH 1504, 1506 THROUGH 1508, 1511, 1512, PH-B, PH-D, PH-E, PH-G, PH-H, PH-I, PH-J, C-1 THROUGH C-9, HC-1 AND 40 PARKING SPACES ONLY:-

The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Apartment Deed dated February 13, 1984, recorded in said Office as Land Court Document No. 1219581.

6. -AS TO APARTMENT NOS. 702, 703, 802, 809, 903, 1011, 1205, 1210, 1407, 1413, 1513 AND PH-A ONLY:-

The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Apartment Deed dated December 11, 1985, recorded in said Office as Land Court Document No. 1340493.

7. –AS TO APARTMENT NOS. 713, 808, 902, 908, 1113, 1209, 1213, 1404, 1408, 1505, 1510 AND PH-F ONLY:-

The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Apartment Deed dated September 5, 1986, recorded in said Office as Land Court Document No 1406264.

8. –AS TO APARTMENT 218:-

The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Apartment Deed dated November 23, 1981, recorded in said Office as Land Court Document No. 1101659.

9. –AS TO APARTMENT 704:-

The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Apartment Deed dated February 18, 1983, recorded in said Office as Land Court Document No. 1165803.

10. –AS TO APARTMENT 1509:-

The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Apartment Deed dated November 26, 1982, recorded in said Office as Land Court Document No. 1141896.

11. –AS TO APARTMENT PH-C:-

The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Apartment Deed dated November 1, 1982, recorded in said Office as Land Court Document No. 1139698.

12. The following as shown on the survey map prepared by George A. Sumida, Licensed Professional Land Surveyor, No. 4330, dated September 27, 2004, revised October 14, 2004:

- a. The concrete ramp in TMK 2-6-021-013 crosses the northwesterly boundary line and encroaches into subject property 0.0 feet to 0.15 feet for approximately 14 feet.
- b. The 6- inch tile wall in TMK 2-6-021-030 crosses the northeasterly boundary line and encroaches into subject property 0.2 feet for approximately 8 feet.
- c. The two concrete overhangs on the subject property cross the southeasterly boundary line and each encroaches 6 feet into Kanekapolei Street for approximately 11 feet.

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

14. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in that certain Amended and Restated Bylaws of Aloha Surf Hotel dated January 18, 2005, recorded in said Office as Land Court Document No. 3241046.

EXHIBIT "G"

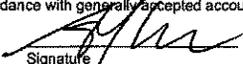
ESTIMATED ANNUAL COMMON EXPENSE

AOAO Aloha Surf Hotel
Condominium Budget
Year 2005

1/23/05

	Monthly	Yearly
CASH RECEIPTS		
Maintenance Fees	\$87,337	\$808,045
Parking	0	0
Telephone	2,500	30,000
Commercial Space Rental	0	0
Vending Machines	1,000	12,000
Total Cash Receipts	<u>\$70,837</u>	<u>\$850,045</u>
	\$333	\$4,000
CASH DISBURSEMENTS		
Utilities and Services		
Cable	1,208	14,470
Electricity	17,511	210,131
Gas/Propane	2,977	35,722
Refuse	1,614	19,370
Sewer/Water	2,481	29,788
Salaries		
Maintenance	4,429	53,144
Utility/Cleaning	6,327	75,920
Manager	2,600	31,200
Maintenance		
Elevator	1,500	18,000
Pest Control	250	3,000
Telephone Cost	2,500	30,000
Maintenance, Equipment & Paint Supplies	525	6,300
Life Safety	290	3,480
Pool Supplies	180	2,160
Security	3,900	46,800
Grounds/landscaping	525	6,300
Management		
Audit/Tax fees	417	5,000
Legal Fees	200	2,400
Management fees	1,900	22,800
Admin. Services/Supplies	1,750	21,000
Reserve Study	200	2,400
Condo Fund	0	0
Board Expense/Meetings	50	600
Uniforms	150	1,800
Taxes-Income	0	0
GET/Other	40	480
Real Property Taxes	0	0
Insurance		
Property/fire and hurricane	1,992	23,900
Comp General Liability	2,667	32,000
Umbrella	792	9,500
Directors & Officers	150	1,800
Flood	3,333	40,000
Fidelity Bond	125	1,500
Boiler Machinery	175	2,100
Reserves Allocation	<u>8,083</u>	<u>97,000</u>
TOTAL DISBURSEMENTS	<u>70,837</u>	<u>850,045</u>
Less Misc Income	<u>(3,500)</u>	<u>(42,000)</u>
TOTAL MAINTENANCE FEE	\$67,337	\$808,045

I, Guy H. Underkoffler, as agent for/and/or employed by Aqua Hotels & Resorts, LLC, the condominium managing agent for AOAO Aloha Surf Hotel, hereby certify that the above maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.


 Signature 1-23-05
 Date

Pursuant to 514A-83.6, Hawaii Revised Statutes, a new association created after January 1, 1993 need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting. Developer has conducted a reserve study for the Project and the budget amount includes funding of reserves as provided in the reserve study conducted by Armstrong Consulting, Inc.

Aqua Aloha Surf

01/23/05

**APARTMENT DESCRIPTIONS, NET SQUARE FOOTAGES, PERCENTAGE OF COMMON INTEREST
2005 MAINTENANCE FEE based on COMMON INTEREST.**

\$808,045

Apartment Number	Common Interest***	Annual Maint. Fee	Monthly Maint. Fee
200	0.2718%	2,196.27	183.02
201	0.2768%	2,236.67	186.39
202	0.2817%	2,276.26	189.69
203	0.2182%	1,763.15	146.93
204	0.2281%	1,843.15	153.60
205	0.2182%	1,763.15	146.93
206	0.2768%	2,236.67	186.39
207	0.2792%	2,256.06	188.01
208	0.2730%	2,205.96	183.83
209	0.2730%	2,205.96	183.83
210	0.2792%	2,256.06	188.01
211	0.2768%	2,236.67	186.39
212	0.2768%	2,236.67	186.39
213	0.2855%	2,306.97	192.25
214	0.2768%	2,236.67	186.39
215	0.2182%	1,763.15	146.93
216	0.2842%	2,296.46	191.37
217	0.2730%	2,205.96	183.83
218	0.3154%	2,548.57	212.38
219	0.2718%	2,196.27	183.02
300	0.2718%	2,196.27	183.02
301	0.2768%	2,236.67	186.39
302	0.2817%	2,276.26	189.69
303	0.2182%	1,763.15	146.93
304	0.2281%	1,843.15	153.60
305	0.2182%	1,763.15	146.93
306	0.2768%	2,236.67	186.39
307	0.2792%	2,256.06	188.01
308	0.2730%	2,205.96	183.83
309	0.2730%	2,205.96	183.83
310	0.2792%	2,256.06	188.01
311	0.2768%	2,236.67	186.39
312	0.2768%	2,236.67	186.39
313	0.2855%	2,306.97	192.25
314	0.2768%	2,236.67	186.39
315	0.2182%	1,763.15	146.93
316	0.2842%	2,296.46	191.37
317	0.2730%	2,205.96	183.83
318	0.3154%	2,548.57	212.38
319	0.2718%	2,196.27	183.02
400	0.3254%	2,629.38	219.12
401	0.4488%	3,626.51	302.21
402	0.4176%	3,374.40	281.20
403	0.4525%	3,656.40	304.70
404	0.4575%	3,696.81	308.07
405	0.4550%	3,676.60	306.38
406	0.4500%	3,636.20	303.02
407	0.4488%	3,626.51	302.21
408	0.4550%	3,676.60	306.38
409	0.4812%	3,888.31	324.03
410	0.4176%	3,374.40	281.20

Aqua Aloha Surf

01/23/05

**APARTMENT DESCRIPTIONS, NET SQUARE FOOTAGES, PERCENTAGE OF COMMON INTEREST
2005 MAINTENANCE FEE based on COMMON INTEREST.**

\$808,045

Apartment Number	Common Interest***	Annual Maint. Fee	Monthly Maint. Fee
411	0.4662%	3,767.11	313.93
412	0.3752%	3,031.78	252.65
413	0.2780%	2,246.37	187.20
500	0.3254%	2,629.38	219.12
501	0.4488%	3,626.51	302.21
502	0.4176%	3,374.40	281.20
503	0.4525%	3,656.40	304.70
504	0.4575%	3,696.81	308.07
505	0.4550%	3,676.60	306.38
506	0.4500%	3,636.20	303.02
507	0.4488%	3,626.51	302.21
508	0.4550%	3,676.60	306.38
509	0.4812%	3,888.31	324.03
510	0.4176%	3,374.40	281.20
511	0.4662%	3,767.11	313.93
512	0.3752%	3,031.78	252.65
513	0.2780%	2,246.37	187.20
600	0.3254%	2,629.38	219.12
601	0.4488%	3,626.51	302.21
602	0.4176%	3,374.40	281.20
603	0.4525%	3,656.40	304.70
604	0.4575%	3,696.81	308.07
605	0.4550%	3,676.60	306.38
606	0.4500%	3,636.20	303.02
607	0.4488%	3,626.51	302.21
608	0.4550%	3,676.60	306.38
609	0.4812%	3,888.31	324.03
610	0.4176%	3,374.40	281.20
611	0.4662%	3,767.11	313.93
612	0.3752%	3,031.78	252.65
613	0.2780%	2,246.37	187.20
700	0.3254%	2,629.38	219.12
701	0.4488%	3,626.51	302.21
702	0.4176%	3,374.40	281.20
703	0.4525%	3,656.40	304.70
704	0.4575%	3,696.81	308.07
705	0.4550%	3,676.60	306.38
706	0.4500%	3,636.20	303.02
707	0.4488%	3,626.51	302.21
708	0.4550%	3,676.60	306.38
709	0.4812%	3,888.31	324.03
710	0.4176%	3,374.40	281.20
711	0.4662%	3,767.11	313.93
712	0.3752%	3,031.78	252.65
713	0.2780%	2,246.37	187.20
800	0.3254%	2,629.38	219.12
801	0.4488%	3,626.51	302.21
802	0.4176%	3,374.40	281.20
803	0.4525%	3,656.40	304.70
804	0.4575%	3,696.81	308.07

Aqua Aloha Surf

01/23/05

**APARTMENT DESCRIPTIONS, NET SQUARE FOOTAGES, PERCENTAGE OF COMMON INTEREST
2005 MAINTENANCE FEE based on COMMON INTEREST.**

\$808,045

Apartment Number	Common Interest***	Annual Maint. Fee	Monthly Maint. Fee
805	0.4550%	3,676.60	306.38
806	0.4500%	3,636.20	303.02
807	0.4488%	3,626.51	302.21
808	0.4550%	3,676.60	306.38
809	0.4812%	3,888.31	324.03
810	0.4176%	3,374.40	281.20
811	0.4662%	3,767.11	313.93
812	0.3752%	3,031.78	252.65
813	0.2780%	2,246.37	187.20
900	0.3254%	2,629.38	219.12
901	0.4488%	3,626.51	302.21
902	0.4176%	3,374.40	281.20
903	0.4525%	3,656.40	304.70
904	0.4575%	3,696.81	308.07
905	0.4550%	3,676.60	306.38
906	0.4500%	3,636.20	303.02
907	0.4488%	3,626.51	302.21
908	0.4550%	3,676.60	306.38
909	0.4812%	3,888.31	324.03
910	0.4176%	3,374.40	281.20
911	0.4662%	3,767.11	313.93
912	0.3752%	3,031.78	252.65
913	0.2780%	2,246.37	187.20
1000	0.3254%	2,629.38	219.12
1001	0.4488%	3,626.51	302.21
1002	0.4176%	3,374.40	281.20
1003	0.4525%	3,656.40	304.70
1004	0.4575%	3,696.81	308.07
1005	0.4550%	3,676.60	306.38
1006	0.4500%	3,636.20	303.02
1007	0.4488%	3,626.51	302.21
1008	0.4550%	3,676.60	306.38
1009	0.4812%	3,888.31	324.03
1010	0.4176%	3,374.40	281.20
1011	0.4662%	3,767.11	313.93
1012	0.3752%	3,031.78	252.65
1013	0.2780%	2,246.37	187.20
1100	0.3254%	2,629.38	219.12
1101	0.4488%	3,626.51	302.21
1102	0.4176%	3,374.40	281.20
1103	0.4525%	3,656.40	304.70
1104	0.4575%	3,696.81	308.07
1105	0.4550%	3,676.60	306.38
1106	0.4500%	3,636.20	303.02
1107	0.4488%	3,626.51	302.21
1108	0.4550%	3,676.60	306.38
1109	0.4812%	3,888.31	324.03
1110	0.4176%	3,374.40	281.20
1111	0.4662%	3,767.11	313.93
1112	0.3752%	3,031.78	252.65

Aqua Aloha Surf

01/23/05

**APARTMENT DESCRIPTIONS, NET SQUARE FOOTAGES, PERCENTAGE OF COMMON INTEREST
2005 MAINTENANCE FEE based on COMMON INTEREST.**

\$808,045

Apartment Number	Common Interest***	Annual Maint. Fee	Monthly Maint. Fee
1113	0.2780%	2,246.37	187.20
1200	0.3254%	2,629.38	219.12
1201	0.4488%	3,626.51	302.21
1202	0.4176%	3,374.40	281.20
1203	0.4525%	3,656.40	304.70
1204	0.4575%	3,696.81	308.07
1205	0.4550%	3,676.60	306.38
1206	0.4500%	3,636.20	303.02
1207	0.4488%	3,626.51	302.21
1208	0.4550%	3,676.60	306.38
1209	0.4812%	3,888.31	324.03
1210	0.4176%	3,374.40	281.20
1211	0.4662%	3,767.11	313.93
1212	0.3752%	3,031.78	252.65
1213	0.2780%	2,246.37	187.20
1400	0.3254%	2,629.38	219.12
1401	0.4488%	3,626.51	302.21
1402	0.4176%	3,374.40	281.20
1403	0.4525%	3,656.40	304.70
1404	0.4575%	3,696.81	308.07
1405	0.4550%	3,676.60	306.38
1406	0.4500%	3,636.20	303.02
1407	0.4488%	3,626.51	302.21
1408	0.4550%	3,676.60	306.38
1409	0.4812%	3,888.31	324.03
1410	0.4176%	3,374.40	281.20
1411	0.4662%	3,767.11	313.93
1412	0.3752%	3,031.78	252.65
1413	0.2780%	2,246.37	187.20
1500	0.3254%	2,629.38	219.12
1501	0.4488%	3,626.51	302.21
1502	0.4176%	3,374.40	281.20
1503	0.4525%	3,656.40	304.70
1504	0.4575%	3,696.81	308.07
1505	0.4550%	3,676.60	306.38
1506	0.4500%	3,636.20	303.02
1507	0.4488%	3,626.51	302.21
1508	0.4550%	3,676.60	306.38
1509	0.4812%	3,888.31	324.03
1510	0.4176%	3,374.40	281.20
1511	0.4662%	3,767.11	313.93
1512	0.3752%	3,031.78	252.65
1513	0.2780%	2,246.37	187.20
PH-A	0.6595%	5,329.06	444.09
PH-B	0.8091%	6,537.89	544.82
PH-C	0.9063%	7,323.31	610.28
PH-D	0.7368%	5,953.68	496.14
PH-E	0.6969%	5,631.27	469.27
PH-F	0.6682%	5,399.36	449.95
PH-G	0.8378%	6,769.80	564.15

Aqua Aloha Surf

01/23/05

**APARTMENT DESCRIPTIONS, NET SQUARE FOOTAGES, PERCENTAGE OF COMMON INTEREST
2005 MAINTENANCE FEE based on COMMON INTEREST.**

\$808,045

Apartment Number	Common Interest***	Annual Maint. Fee	Monthly Maint. Fee
PH-H	0.5186%	4,190.52	349.21
PH-I	0.6121%	4,946.04	412.17
PH-J	0.6270%	5,066.44	422.20
P1	0.2042%	1,650.03	137.50
P2	0.2042%	1,650.03	137.50
P3	0.2042%	1,650.03	137.50
P4	0.2042%	1,650.03	137.50
P5	0.2042%	1,650.03	137.50
P6	0.2042%	1,650.03	137.50
P7	0.2042%	1,650.03	137.50
P8	0.2042%	1,650.03	137.50
P9	0.2042%	1,650.03	137.50
P10	0.2042%	1,650.03	137.50
P11	0.2042%	1,650.03	137.50
P12	0.2042%	1,650.03	137.50
P13	0.2042%	1,650.03	137.50
P14	0.2042%	1,650.03	137.50
P15	0.2042%	1,650.03	137.50
P16	0.2042%	1,650.03	137.50
P17	0.2042%	1,650.03	137.50
P18	0.2042%	1,650.03	137.50
P19	0.2042%	1,650.03	137.50
P20	0.2042%	1,650.03	137.50
P21	0.2042%	1,650.03	137.50
P22	0.2042%	1,650.03	137.50
P23	0.2042%	1,650.03	137.50
P24	0.2042%	1,650.03	137.50
P25	0.2042%	1,650.03	137.50
P26	0.2042%	1,650.03	137.50
P27	0.2042%	1,650.03	137.50
P28	0.2042%	1,650.03	137.50
P29	0.2042%	1,650.03	137.50
P30	0.2042%	1,650.03	137.50
P31	0.2042%	1,650.03	137.50
P32	0.2042%	1,650.03	137.50
P33	0.2042%	1,650.03	137.50
P34	0.2042%	1,650.03	137.50
P35	0.2042%	1,650.03	137.50
P36	0.2042%	1,650.03	137.50
P37	0.2042%	1,650.03	137.50
P38	0.2042%	1,650.03	137.50
P39	0.2042%	1,650.03	137.50
P40	0.2042%	1,650.03	137.50
C-1	0.8490%	6,860.30	571.69
C-2	0.4525%	3,656.40	304.70
C-3	0.6009%	4,855.54	404.63
C-4	0.7779%	6,285.78	523.82
C-5	1.5284%	12,350.16	1,029.18
C-6	0.7168%	5,792.07	482.67
C-7	0.6158%	4,975.94	414.66

Aqua Aloha Surf

01/23/05

APARTMENT DESCRIPTIONS, NET SQUARE FOOTAGES, PERCENTAGE OF COMMON INTEREST
2005 MAINTENANCE FEE based on COMMON INTEREST.

\$808,045

Apartment Number	Common Interest***	Annual Maint. Fee	Monthly Maint. Fee
C-8	0.6884%	5,562.58	463.55
C-9	0.5448%	4,402.23	366.85
HC-1	2.0594%	16,640.88	1,386.74
	100.0000%	\$ 808,045	\$ 67,337

EXHIBIT "H"

SUMMARY OF ALOHA SURF HOTEL PURCHASE AGREEMENT

A specimen Purchase Agreement ("Agreement") has been submitted to the Real Estate Commission. ALL PURCHASERS AND PROSPECTIVE PURCHASERS SHOULD CAREFULLY READ THE AGREEMENT IN FULL since this summary is NOT A COMPLETE DESCRIPTION of its contents. The Agreement contains, among other things, the following terms and conditions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. The Seller (Developer) has engaged Title Guaranty Escrow Services, Inc. ("Escrow") to handle Purchaser's funds and to close the transaction in accordance with the terms of the Agreement.

B. The Purchase Price does not include closing costs which include among other things, the escrow fee, cost of a preliminary title report, cost of preparation of the Apartment Deed, real property tax, maintenance fee and other customary prorations, all acknowledgment fees, conveyance taxes, title insurance, if requested by Purchaser, cost of any lender's title insurance, appraisal fees, costs for drafting of any notes and mortgages, all recording costs or fees, loan fees, credit report costs and all other applicable mortgage costs. Purchaser shall pay as additional sums the Association start-up fees, estimated reserves and other fees, as provided in the Agreement.

C. Purchaser agrees to deliver, within fifteen (15) days after Purchaser's delivery of the Agreement to Seller, written evidence of Purchaser's ability to make the cash payment for the balance of the purchase price.

D. The "Closing Date" shall be the date designated by Seller. All payments not previously made pursuant to the terms of the Agreement shall be due and payable as of the Closing Date, and, if not paid in the manner set forth in the Agreement, shall result in a default by Purchaser under the Agreement.

E. The Purchaser specifically acknowledges and agrees that the Declaration contains reservations of certain rights in favor of Seller, the Association and other owners and contains certain other provisions to which the Purchaser consents.

If Purchaser, after the delivery by Seller of a copy of the Supplementary Public Report, and any other supplementary public report that may be issued for the Project, either personally or by registered or certified mail with return receipt requested, shall fail to waive or exercise Purchaser's right to cancel the Agreement by executing a form of receipt and notice ("Receipt and Notice Form") advising Purchaser of such right of cancellation, the delivery of which is required by Hawaii Revised Statutes Section 514A-62, as amended, within thirty (30) days of Purchaser's receipt of the Receipt and Notice Form, Seller may at its option: (i) cancel the Agreement upon ten (10) days' written notice to Purchaser of such cancellation and, upon such cancellation, Seller shall cause Escrow to refund to Purchaser all payments previously made by Purchaser without interest and less any escrow cancellation fees and other costs, up to \$250; or (ii) elect (by Seller's failure to give said written notice of cancellation) to treat such failure as a deemed receipt and acceptance ("Deemed Acceptance") of such Public Reports and as a waiver of Purchaser's right to cancel the Agreement. The conveyance of the Apartment to the Purchaser within the 30-day period referenced above shall also be treated as a Deemed Acceptance and as a waiver by Purchaser of Purchaser's right to cancel the Agreement.

F. Purchaser agrees that it will not assign the Agreement to anyone. Seller may, without any consent of Purchaser, freely assign Seller's interests therein.

G. Purchaser expressly acknowledges, consents to and approves all of the disclaimers, disclosures, and other matters described in Section 13, Subsections a. to and including h. of the Agreement, and Purchaser assumes any and all risks in connection with each of those matters. Purchasers are encouraged to review Section 13 of the Agreement carefully to fully understand the matters set forth therein.

J. Purchaser shall not be entitled to possession of the Apartment as the owner thereof until Purchaser has completed all required payments and has executed all documents relating to the purchase, and Purchaser has performed the remaining terms and conditions of the Agreement which are to be performed as of the Closing.

L. Seller, in its sole discretion, and in addition to any other rights of cancellation or termination reserved to Seller, may elect to cancel the Agreement if Purchaser defaults under the Agreement. Purchaser may lose its deposit with Escrow and Seller. Seller may, at its option, pursue other legal remedies. If Seller defaults under the Agreement, and Purchaser is not in default, Purchaser shall be entitled to specific performance of the Agreement or, if specific performance is unavailable, shall have the right to cancel the Agreement and a refund of Purchaser's deposit, including interest, as set forth in the Agreement.

M. Notices to either party may be delivered personally or mailed.

N. The Purchaser acknowledges that Purchaser has entered into the Agreement without any reference or representation by Seller or any sales person that the Seller, or any managing agent of the Project or anyone else affiliated with the Seller will provide, directly or indirectly, any services relating to the rental or sale or management of the Apartment purchased.

O. The laws of the State of Hawaii shall govern all matters with respect to the Agreement.

P. Purchaser specifically acknowledges that Seller has reserved the right for itself, its sales representatives and prospective purchasers to utilize the common elements of the Project for ingress and egress and to show the common elements to prospective purchasers.

* * * * *

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

END OF EXHIBIT "H"

EXHIBIT "I"

SUMMARY OF ESCROW AGREEMENT

The Aloha Surf Hotel Escrow Agreement dated January 21, 2005, contains among others, the following terms and conditions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. When Seller (Developer) shall enter into a Purchase Agreement for the conveyance of an apartment or other interest in the Project ("Purchase Agreement"), it shall require the payments of deposits due thereunder to be promptly made to Escrow, and shall deliver an executed copy of the Purchase Agreement to Escrow together with the correct name(s) and address(es) of the purchaser(s). For each Purchase Agreement, Seller shall specify in writing to Escrow whether the purchaser's funds were received prior to or subsequent to the issuance by the Real Estate Commission of a Supplementary Public Report, as that term is used in Chapter 514A of the Hawaii Revised Statutes (the "Condominium Property Act"), with an indication of the effective date of the Supplementary Public Report and any public report issued thereafter. Seller shall also promptly pay over to Escrow all monies (including checks) received by Seller from or on behalf of the purchasers and all disbursements made on loan commitments from lending institutions to individual purchasers on account of any apartment in the Project.

B. Escrow shall receive, deposit and hold in separate escrow accounts and disburse as herein set forth: (a) all payments received by it under Purchase Agreements, (b) such sums received by it hereunder from or for the account of Seller, and (c) all sums received by it from any other source with respect to the Project. Escrow shall not at any time commingle or permit the commingling of any purchasers' funds with funds belonging to or held for the benefit of Seller. All funds and instruments received from purchasers or prospective purchasers shall be held by Escrow in accordance with the provisions contained in the Condominium Property Act.

C. Escrow shall make no disbursements of purchasers' funds or proceeds from the sale of such apartments (including any payments made on loan commitments from lending institutions), except by way of refunds thereof as provided hereinbelow, until (a) the Real Estate Commission has issued an effective date for a Supplementary Public Report for the Project, and (b) Escrow has received a written confirmation from Seller stating that the purchasers have signed the required Receipt and Notice of Right to Cancel or are deemed to have received for the public report(s) and to have waived their right to cancel, and stating further that no subsequent events have occurred which would give the purchasers the right to rescind, the Purchase Agreements have "become binding" and "the requirements of Sections 514A-39.5, 514A-40 and 514A-63" of the Hawaii Revised Statutes have been met, as said phrases are used in Section 514A-65 of the Hawaii Revised Statutes, and further, that the requirements of Section 514A-62 of the Hawaii Revised Statutes have been met, as each of the foregoing sections may be amended on the date the Purchase Agreement becomes binding and effective. Seller agrees to inform Escrow promptly in writing of the development of any event or occurrence which renders the written confirmation delivered by Seller pursuant to this paragraph untrue in any material respect.

D. Each purchaser shall be entitled to a return of his or her funds, without interest, and Escrow shall pay such funds to such purchaser, promptly after request for return by the purchaser, if one of the following has occurred:

(a) Escrow receives a written request from Seller to return to the purchaser the funds of the purchaser then being held hereunder by Escrow;

(b) Seller notifies Escrow in writing of Seller's exercise of the option to rescind the Purchase Agreement pursuant to any right of rescission stated therein or otherwise available to Seller;

(c) The conditions providing for a refund under Section 514A-62 or under Section 514A-63 of the Hawaii Revised Statutes (as amended on the date upon which the Purchase Agreement becomes binding and effective) have been met, and written notice thereof has been provided by Seller.

Upon the cancellation of any Purchase Agreement as specified above, Escrow shall be entitled to a cancellation fee as indicated in Exhibit "A" attached hereto. Notwithstanding anything herein or in any Purchase Agreement provided to the contrary, said compensation of Escrow shall be the sole expense of the individual purchaser and shall not in any way be the obligation of Seller, unless cancellation is made pursuant to either Section 514A-62 or 514A-63 of the Hawaii Revised Statutes, whereupon Seller shall pay such fee.

E. If the purchaser fails to make any payment on or before the due date thereof, or if the purchaser does or fails to do any act which would constitute a default under the Purchase Agreement, Escrow shall promptly give to such purchaser and to Seller, written notice of default. If purchaser has failed to cure the default after the delivery of notice by Escrow and such default continues after the expiration of any grace period, Escrow shall so advise Seller. If Seller shall thereafter certify in writing to Escrow: (a) that Seller has elected to terminate the Purchase Agreement and has notified the purchaser, or (b) that purchaser is otherwise in default, then, and in either event, Escrow, subject to the provisions relating to dispute and conflicting demands hereinafter set forth in paragraph 14, shall thereafter treat all funds of the purchaser paid under such Purchase Agreement, less Escrow's cancellation fee, as funds of Seller and not of the purchaser. Thereafter, such funds shall be held free of the escrow established by this Agreement and shall be held by Escrow for the account of Seller. Upon written request by Seller, Escrow shall pay such funds (less Escrow's cancellation fee) to Seller or order and shall return to Seller a copy of the Purchase Agreement of such purchaser.

F. Compensation of Escrow for escrow and title fees is set forth in Exhibit "A", which provides, among other things, that an additional fee of \$250 shall be charged to the purchaser for each mortgage obtained by the purchaser if the purchaser does not obtain a mortgage loan from a lender designated by Seller. Should the purchaser obtain a mortgage loan from any out-of-state lender, a fee of \$500.00 shall be charged to the purchaser for each mortgage obtained. If an escrow involves a 1031 Exchange, Escrow has a right to assess the purchaser additional fees commensurate with the amount of work performed.

* * * * *

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

END OF EXHIBIT "I"

EXHIBIT "I"
(Page 2 of 2)

EXHIBIT "J"

SUMMARY OF APARTMENT DEED FORM

The specimen Limited Warranty Apartment Deed, Encumbrances And Reservation of Rights With Power of Attorney For Aloha Surf Hotel ("Deed" or "Apartment Deed") contains among others, the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

A. The premises conveyed comprises a portion of Aloha Surf Hotel Condominium Property Regime situate at Waikiki, City and County of Honolulu, State of Hawaii.

B. Grantor (Developer) is the lawful owner of the fee simple interest in the real property and the rights to be transferred to the Grantee (Purchaser); that the same are free and clear of and from all encumbrances except as identified in the Deed and except for the lien of real property taxes not yet by law required to be paid; that the Grantor has good right and title to sell and convey said real property in the manner set forth in the Deed; and the Grantor will WARRANT AND DEFEND the same unto the Grantee forever against the lawful claims and demands of all persons claiming by, through or under Grantor, except as mentioned in the Deed.

C. Grantee hereby understands and agrees that Grantor is not the original developer of the Project and was not involved in (and is not responsible for) the original planning or construction of the Project. Grantee further acknowledges that the Project was substantially completed in 1967 and has been used over the years primarily for hotel purposes. Grantee understands and agrees that the Property is being sold "AS IS, WHERE IS" with all faults and that Grantor disclaims and makes no warranties or promises of any kind, express or implied, about the Property, the land underlying the Project ("Land") or the Project (including the common elements of the Project), or about any furnishings, fixtures, appliances or other consumer products, mechanical systems, plumbing systems, electrical systems, cooling or heating systems or anything else installed, attached, affixed or otherwise contained in the Property, the Land or the Project (including the common elements of the Project), including any warranties or promises of "habitability", "merchantability", "workmanship" or "fitness for a particular use or purpose".

Without limiting the generality of any of the foregoing, Grantor disclaims and makes no warranties or promises: (a) that the Project or any improvements in the Property, including the lanai, the Land or the Project (including the common elements) will be free from cracks in, or other damage to, the concrete or other building materials; (b) regarding the value, quality, grade or useful life of the Property, the Project or anything installed, attached, affixed or otherwise contained in the Property, the Land or the Project (including the common elements of the Project); (c) regarding the structural, physical or environmental history or condition of the Project, including, without limitation, any deferred maintenance at the Project; or (d) regarding the suitability, conformance, compliance or lack of compliance of the Project with any state, federal, county or local law, code, ordinance, order, permit, administrative requirement, or regulation, including, without limitation, those related to the consolidation and subdivision of land, the operation and use of the Project and accessibility of the Project by persons with disabilities. In other words, Grantor makes no warranties or promises at all.

Grantee for itself and its successors, heirs and assigns, releases Grantor and its affiliates, and each of them and their respective past, present and future members, managers, directors, officers, shareholders, employees, property managers, agents, vendors, consultants, contractors and each of their respective successors and assigns (hereafter the "Released Parties") from (and waives any claim, action or liability which arises from or relates to) any latent or patent defect in any part of the Project or the Property, known or unknown, which exists now or in the future, or which arises from or relates to any lack of compliance of the Project with any state, federal, county or local law, code, ordinance, order, permit, administrative requirement, or regulation, that Grantee may have against Grantor under any federal, state or local law, ordinance, rule or regulation now existing or hereafter enacted or promulgated, including, without limitation, those related to asbestos, asbestos-containing materials, lead-based or lead-containing paint, hazardous materials and environmental conditions or matters (including the presence of mold or mildew) in, on, under, about or migrating from or onto or into the Project, or by virtue of any common law right relating to asbestos, asbestos-containing materials, lead-based or lead-containing paint, hazardous material and environmental conditions or matters (including the presence of mold or mildew) in, on, under about or migrating from or onto or into the Project. Grantor and Grantee agree that this release from liability has been specifically negotiated between Grantor and Grantee.

Grantee acknowledges and agrees that Grantor's disclaimer of warranties and representations contained in this Deed is an essential element in Grantor's determination of the purchase price for the Property being sold to Grantee. This means that the Property would not have been sold to Grantee for the amount of the purchase price stated in the Purchase Agreement between Grantor and Grantee covering the Property without Grantor's disclaimer of warranties and representations.

D. Grantor is the lawful owner of all of the furniture and furnishings, if any, located in the Property as of the date of the Apartment Deed; that Grantor has good right to convey and to sell said furniture and furnishings; and that Grantor has not heretofore done, committed or willingly suffered to be done or committed, any act or thing whatsoever whereby said furniture and furnishings, or any part thereof, are or shall be charged or encumbered; and that Grantor will WARRANT AND DEFEND the same unto Grantee against the lawful claims and demands of all persons claiming by, through or under Grantor, except as is herein provided.

E. Grantee understands and agrees that the Property and the furniture and furnishings, if any, are being conveyed "AS IS, WHERE IS AND WITH ALL FAULTS".

F. Grantee agrees, for the benefit of all other owners of the other apartments in the Project, to at all times observe, perform, comply with and abide by all of the covenants, agreements, obligations, conditions and other provisions set forth in the Declaration, the Bylaws and the House Rules as any of the same exist or may hereafter be amended in accordance with law and does accept and approve of the Declaration, Bylaws and House Rules.

G. Grantee acknowledges and agrees that Grantee has examined (or waived such examination), and has approved the following Project documents (and any and amendments to said documents): the Declaration, Bylaws and Condominium Map, the House Rules, the Escrow Agreement and Supplementary Public Report issued for the Project. In addition, Grantee agrees and acknowledges that each of the acknowledgments and agreements made by Grantee in the Purchase Agreement and Buyer's Disclosure Statement, including all addenda thereto, covering the Property shall survive the recordation of this Deed.

H. Grantee agrees and consents to the exercise by Grantor of any of its reserved rights set forth in the Declaration, and Grantee agrees to sign such documents and do such things as may be required to permit Grantor to exercise those reserved rights, including signing, delivery and recording of all documents which may be necessary, and Grantee appoints Grantor as Grantee's "attorney-in-fact" which means that Grantor can act for Grantee or on Grantee's behalf, with "full power of substitution," which means that someone else may take Grantor's place to sign, deliver and record all documents and to do all things on Grantee's behalf.

I. Grantee further appoints the Association as Grantee's "attorney-in-fact," which means that the Association can act for Grantee or on Grantee's behalf, with full right and power to receive and accept on Grantee's behalf, any legal notices required by Chapter 501, Hawaii Revised Statutes, as amended, and to receive service of process (legal papers) on Grantee's behalf in connection with any Land Court petitions or other legal proceedings in the Land Court of the State of Hawaii. This power of attorney is permanent and it includes full power of substitution, which means that someone else may take the Association's place to receive and accept legal notices or service of process on Grantee's behalf.

* * * * *

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

EXHIBIT "K"

PARKING

There are forty (40) parking stalls in the Project, thirty (30) in the basement, which are covered, and ten (10) on the northeast side of the building, which are uncovered. Twenty-eight (28) parking stalls are standard sized, and two (2) parking stalls, 17 and 18 located in the basement, are compact sized. All driveways and ramps leading from the public streets to the basement of the building, including without limitation the driveway in the porte cochere, and from the public streets to the ground floor parking area are limited common elements appurtenant to and for the exclusive use of the parking stall apartments. All parking stalls are parking stall apartments owned by the Developer.

Zoning violations relating to the number of parking stalls in the Project are disclosed on pages 20g to and including 20i of this report, which is an excerpt of Section 13.h.5 of the Purchase Agreement. The Developer has reserved certain rights in the Declaration, including without limitation, the right to convert a limited common element to a parking stall apartment, as contemplated by Paragraph AA of the Declaration, the right to convert a parking stall apartment to a limited common element parking stall, as contemplated by Paragraph BB of the Declaration, and, if it is necessary to convert certain hotel apartments in the Project back to their original suite configurations, the right to subdivide and consolidate apartments, as contemplated by Paragraph CC of the Declaration, and the right to withdraw apartments from the Project, as contemplated by Paragraph HH of the Declaration.

The Developer may, but is under no obligation, to offer parking stalls for sale to purchasers.

END OF EXHIBIT "K"

EXHIBIT "L"

RESERVE STUDY SUMMARY

The Developer had a Level 1 Reserve Study performed by Armstrong Consulting, Inc. dated January 24, 2005. Attached is a letter dated January 24, 2005 from the consultant stating its AOA Aloha Surf Reserve Study Summary. Also attached are pages 3 to and including 7 of the Reserve Study, which summarizes what is a reserve study, what it contains, the levels of reports, and what such studies must disclose. Each purchaser will be given, under separate cover, a copy of the entire Reserve Study, including particulars on each reserve component.

PROSPECTIVE PURCHASERS ARE URGED TO REVIEW THE ENTIRE RESERVE STUDY WITH CARE. THE STUDY ADDRESSES WHAT MAJOR COMMON AREA COMPONENTS MUST BE REPLACED, WHEN, AT WHAT COST AND HOW IT WILL BE PAID FOR.

END OF EXHIBIT "L"

EXHIBIT "L-1"



Armstrong Consulting, Inc.



850 W. Hind Drive, Suite 208
Honolulu, Hawaii 96821
Phone (808) 377-8500

1333 Gateway Drive, Suite 1014
Melbourne, Florida 32901
Phone (321) 674-0196

Toll Free (800) 561-7732 Fax (808) 377-8511
E-mail: sales@armstrongassoc.net

January 24, 2005

AOAO Aloha Surf
c/o CP Aloha Surf, LLC
Attn: Mr. Nolan Zail
1000 Sansome Street, Suite 180
San Francisco, CA 94111

Re: **AOAO Aloha Surf Reserve Study Summary**

Dear Mr. Zail:

Enclosed is the reserve study conducted on the AOAO Aloha Surf. This project contains a fifteen story multi-use building with a total of 204 residential units. This study considers the replacement, repairs and/or refurbishment of the project's proposed common area AOAO improvements. The total current cost of the components included in this analysis as of January 1, 2005 is \$1,140,306, and the total future cost is \$1,514,973. The largest proportion of these expenses involves the elevators.

The analysis indicates our recommended 2005 contributions into reserves using level annual reserve contributions. The Aloha Surf is a condominium hotel with a reserve balance of \$263,433 as of January 1, 2005 according to current management. Additional income to the reserve account in the amount of \$202,000 is included from April to June 2005 from the sale of 202 condominium units. Based on this information, we recommend annual reserve contributions of \$97,000 throughout the 20-year analysis period.

The building is recommended for exterior painting in 2005. Concrete spall damage and balcony lanai railing repairs will be required prior to painting. The previous date of concrete spall and railing repairs is unknown and significant damage was noted to the balcony lanais during the November 2004 site visit. Most concrete spall and railing damage is hidden from view and reasonable repair cost estimates require further analysis by engineers and/or contractors. These additional analyses are beyond the scope of this reserve study and no concrete spall or lanai railing repair cost are included in this report. Concrete spall and railing repair costs can be significant, which could impact the early 2005 reserve contributions recommended in this report.

Aloha Surf
January 24, 2005
Page 2 of 2

The purpose of this study is to determine the reserve contributions necessary to fund the replacement and/or repairs of common area reserve components that are only associated with the proposed common area AOA. As such, the finishes, furniture, fixtures and equipment specifically associated with individual residential units, restaurant space, office space, retail space and hotel operations including front desk areas and laundry facilities were not included as part of reserves.

Please feel free to call us if you have any concerns or questions. We appreciate the opportunity to be of service.

Sincerely,

Robert Wilder
Reserve Specialist

**COMMUNITY ASSOCIATIONS INSTITUTE (CAI)
RESERVE STUDY STANDARDS**

What is a Reserve Study?

A Reserve Study is made up of two parts, 1) the information about the physical status and repair/replacement cost of the major common area components the association is obligated to maintain (Physical Analysis), and 2) the evaluation and analysis of the association's Reserve balance, income, and expenses (Financial Analysis). The Physical Analysis is comprised of the Component Inventory, Condition Assessment, and Life and Valuation Estimates. The Component Inventory should be relatively "stable" from year to year, while the Condition Assessment and Life and Valuation Estimates will necessarily change from year to year. The Financial Analysis is made up of a finding of the client's current Reserve Fund Status (measured in cash or as Percent Funded) and a recommendation for an appropriate Reserve contribution rate (Funding Plan).

Physical Analysis	Financial Analysis
Component Inventory	Fund Status
Condition Assessment	Funding Plan
Life and Valuation Estimates	

Reserve Study Contents

The following is a list of the minimum contents to be included in the Reserve Study.

- A summary of the association's number of units, physical description, and Reserve Fund financial condition.
- A projection of Reserve Starting Balance, recommended Reserve contributions, projected Reserve expenses, and projected ending Reserve Fund Balance for a minimum of 20 years.
- A tabular listing of the Component Inventory, component quantity or identifying descriptions, Useful Life, Remaining Useful Life, and Current Replacement Cost.
- A description of methods and objectives utilized in computing the Fund Status and development of the Funding Plan.
- Source(s) utilized to obtain component Repair or Replacement cost estimates.
- A description of the Level of Service by which the Reserve Study was prepared.
- Fiscal year for which the Reserve Study is prepared.

Levels of Service

The following three categories describe the various types of Reserve Studies, from exhaustive to minimal.

- i. Full: A Reserve Study in which the following five Reserve Study tasks are performed:
 - Component Inventory
 - Condition Assessment (based upon on-site visual observations)
 - Life and Valuation Estimates
 - Fund Status
 - Funding Plan

II. Update, With-Site-Visit/On-Site Review: A Reserve Study update in which the following five Reserve Study tasks are performed:

- Component Inventory (verification only, not quantification)
- Condition Assessment (based on on-site visual observations)
- Life and Valuation Estimates
- Fund Status
- Funding Plan

III. Update, No-Site-Visit/Off-Site Review: A Reserve Study update with no on-site visual observations in which the following three Reserve Study tasks are performed:

- Life and Valuation Estimates
- Fund Status
- Funding Plan

Disclosures

The following are the minimum disclosures to be included in the Reserve Study.

General: Description of other involvement(s) with the association that could result in actual or perceived conflicts of interest.

Physical Analysis: Description of how thorough the on-site observations were performed: representative sampling vs. all common areas, destructive testing or not, field measurements vs. drawing take-offs, etc.

Financial Analysis: Description of assumptions utilized for interest and inflation, tax, and other outside factors.

Personnel Credentials: State or organizational licenses or credentials carried by the individual responsible for Reserve Study preparation or oversight.

Update Reports: Disclosure of how the current work is reliant on the validity of prior Reserve Studies.

Completeness: Material issues which, if not disclosed, would cause a distortion of the association's situation.

Reliance on Client Data: Information provided by the official representative of the association regarding financial, physical, quantity, or historical issues will be deemed reliable by the consultant. The reserve study will be a reflection of information provided to the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.

Reserve Balance: The actual or projected total presented in the reserve study is based upon information provided and was not audited.

Component Quantities: For Update With-Site-Visit and Update No-Site-Visit Levels of Service, the client is considered to have deemed previously developed component quantities as accurate and reliable.

Reserve Projects: Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit or quality inspection.

Terms and Definitions

CASH FLOW METHOD: A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

COMPONENT: The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

COMPONENT INVENTORY: The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s).

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See "Cash Flow Method."

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.

CURRENT REPLACEMENT COST: See "Replacement Cost."

DEFICIT: An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

EFFECTIVE AGE: The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

FINANCIAL ANALYSIS: The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

FULLY FUNDED: 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

FULLY FUNDED BALANCE (FFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulas can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

$FFB = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$

or

$FFB = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate}) ^ \text{Remaining Life}] - [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate}) ^ \text{Remaining Life}]$

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding.

FUNDING GOALS: Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

- **Baseline Funding:** Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.
- **Full Funding:** Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.
- **Statutory Funding:** Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.
- **Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

FUNDING PLAN: An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

FUNDING PRINCIPLES:

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

LIFE AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

PERCENT FUNDED: The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

PHYSICAL ANALYSIS: The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

REMAINING USEFUL LIFE (RUL): Also referred to as "Remaining Life" (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have "zero" Remaining Useful Life.

REPLACEMENT COST: The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based upon information provided and not audited.

RESERVE PROVIDER: An individual who prepares Reserve Studies.

RESERVE STUDY: A budget planning tool that identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. "Our budget and finance committee is soliciting proposals to update our Reserve Study for next year's budget."

RESPONSIBLE CHARGE: A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services that directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve study of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

SPECIAL ASSESSMENT: An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

SURPLUS: An actual (or projected) Reserve Balance greater than the Fully Funded Balance. See "Deficit."

USEFUL LIFE (UL): Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

Courtesy of Armstrong Consulting, Inc.

EXHIBIT "M"

PROPERTY EVALUATION SUMMARIES

The Developer has obtained property evaluation reports and recommendations from outside consultants, including the following:

1. Aloha Surf Hotel Property Evaluation Report prepared by Building Analytics dated September 24, 2004. A copy of the Executive Summary to the report is attached as Exhibit "M-1";
2. Phase I Environmental Site Assessment prepared by BA Environmental dated October 12, 2004,. A copy of a letter dated October 12, 2004 from the consultant summarizing its findings and recommendations is attached as Exhibit "M-2";
3. Aloha Surf Hotel Structural Review prepared by Baldrige and Associates dated October 28, 2004. A copy of the entire report is attached as Exhibit "M-3"; and
4. Exhibit "A" to the settlement and release agreement in *Thomas Mundy v. LaeRoc Aloha Surf, LLC and Aston Waikiki, LLC*, Civil Case No. 04-00270, in the United States District Court for the District of Hawaii. A copy of Exhibit "A" is attached as Exhibit "M-4".

EXCEPT FOR THE STRUCTURAL REVIEW REPORT, THE ATTACHED EXHIBITS ARE SUMMARIES ONLY AND PROSPECTIVE PURCHASERS ARE URGED TO REVIEW THE ENTIRE PROPERTY EVALUATION REPORTS WITH CARE. THE PROPERTY EVALUATION REPORTS ADDRESS EXISTING CONDITIONS IN THE PROJECT, RECOMMENDATIONS REGARDING APARTMENT AND COMMON AREA COMPONENTS THAT MUST OR SHOULD BE REPLACED, AND THE POTENTIAL COST OF SUCH WORK.

END OF EXHIBIT "M"

EXHIBIT "M-1"

EXECUTIVE SUMMARY

**Aloha Surf Hotel
444 Kanekapolei Street
Honolulu, Hawaii**

On Tuesday, September 9, 2004, Building Analytics performed a physical condition survey of the Aloha Surf Hotel located at 444 Kanekapolei Street in the City of Honolulu, Hawaii. Original construction documents for the project were available for this review. The evaluation was accomplished by Michael Williams, RA and Robert Knebel, PE of Building Analytics.

The development consists of a 15-story plus basement hotel building containing 204 hotel guest rooms. The building was constructed in 1966-1967 and sits on a 0.524 acre parcel of land. The building totals approximately 87,000 square feet.

Site amenities include a open air lobby with retail space, a swimming pool and a dining room with a small commercial kitchen.

The property is located on the west side of Kanekapolei Street in an area shared by commercial, hotel and multi-family residential properties.

The general condition of the site is fair to good. It appears from permits on file at the City and County of Honolulu that the lobby underwent a major renovation in 2000. These files also indicate that a chain link enclosure was installed in the basement parking area with out a permit and a warning letter has been issued.

Mature landscaping is provided along Kanekapolei Street and consists of mature trees, shrubs and flowerbeds.

The building is of cast-in-place concrete construction with a painted finish. There are several areas of spalling concrete over the exterior of the building. This spalling concrete poses a hazard.

The roofing system over the building consists of a multi-ply roofing membrane with gravel surfacing. The roofing membrane is in fair to poor condition and replacement should be planned for the near future.

The sun decks around the swimming pool are in good condition. It appears that the pool was recently plastered.

The mechanical equipment consists of thru-the-wall air-conditioning units in the guest rooms. No heating is provided. The air-conditioning units are in good condition; however the units discharge condensate onto balconies. This is causing algae and discoloration, and poses a slip hazard. Hot water is provided from two 715,000 btu/h natural gas-fired boilers with two 100-gallon hot water storage tanks and circulating pumps. The boilers are 15 years old and are in fair condition.

BUILDING ANALYTICS

Aloha Surf Hotel, Honolulu, HI
Job No. 104185-B
September 24, 2004
Page 2

Electrical power is served to the building by HECO (Hawaii Electric Company) to a 1,200-ampere, 480/277-volt, 3-phase switchboard located in the penthouse. Emergency power from a 125 KW Caterpillar diesel generator serves the fire pump only.

This is a place of public accommodation and falls under the Americans with Disabilities Act (ADA) and should be made accessible. The ramp to the lobby should be reconstructed to meet ADA requirements and additional disabled accessible parking stalls should be developed.

With an increase in maintenance, the life of this building should be at least 25 to 30 years. The major items requiring repair, replacement, or maintenance include the following:

- Removal and replacement of the existing roof membrane.
- Retain the services of structural engineer to assess the structural condition of the buildings including the spalling concrete.
- Provide lever type hardware for the public areas.
- Provide disabled access from the public street to the main building lobby.
- Have the chain link enclosure in the basement level permitted and inspected.

The total cost of the immediate work recommended in this report is estimated to be **\$268,950.00**.

The budget estimates for the cost to replace, repair, or upgrade the various site and building components are based on what we consider to be probable for the local market.

BUILDING ANALYTICS

EXHIBIT "M-2"



BA ENVIRONMENTAL

A Division of Building Analytics
www.BAEnvironmental.com

CORPORATE OFFICE
528 STATE STREET
GLENDALE, CALIFORNIA 91203
TOLL FREE 1-888-446-7225
818-500-1898
818-246-8195 FAX

October 12, 2004

File No.: 104185-B

Mr. Mick Barbee
CP Aloha Surf, LLC
1000 Sansome Street, Suite 180
San Francisco, CA 94100

Reference: Aloha Surf Hotel
444 Kanekapolei Street
Honolulu, Hawaii

Subject: Report
Phase I Environmental Site Assessment

Dear Mr. Barbee:

BA Environmental is pleased to submit this Phase I Environmental Site Assessment (ESA) report regarding the above-referenced property to CP Aloha Surf, LLC. The objective of this Phase I ESA was to assess the potential for contamination at the subject property caused by hazardous materials. To accomplish this, a reconnaissance of the subject property and vicinity was performed, available relevant regulatory records were reviewed, and the property history was researched.

The subject property consists of a 204-unit, 15-story hotel with one level of subterranean parking, consisting of approximately 173,250 square feet, which is situated on an approximate 0.524-acre parcel of land. Other improvements include a small asphalt surface parking lot, a pool area and landscaping. The building on the subject property was constructed in 1966. Vehicular access is from Kanekapolei Street to the southeast.

The review of historical documents revealed that the subject property was occupied by vacant undeveloped land from prior to 1927 until prior to 1949. By 1949, the subject property was occupied by multi-family residences. The subject site remained unchanged until 1966, when the Aloha Surf Hotel was constructed. Since 1966, there have been no significant changes in the configuration or usage of the subject site. Currently, the subject site is occupied by the Aloha Surf Hotel.

Historically, in 1927 the adjacent properties to the north, south, east and west were vacant undeveloped parcels of land. An unnamed street was in the location of Kanekapolei Street to the south of the subject property. Ala Wai Boulevard followed by the Ala Wai Canal were to the east. By 1949, the adjacent properties to the north were occupied by apartment buildings and multi-family residences. Ala Wai Boulevard followed by the Ala Wai Canal remained to the east. South of the subject site were Kanekapolei Street followed by residences. To the west were single- and multi-family residences. The adjacent properties remained unchanged until sometime prior to 1975. In 1975, the

adjacent properties to the north were occupied by the Walina Apartments and the Ala Wai Palms Apartments. To the east were Ala Wai Boulevard followed by the Ala Wai Canal and the Ala Wai Golf Course. To the south were Kanekapolei Street followed by the Sand Castle Hotel and apartment buildings. West of the subject site were a parking lot followed by the New Royal Theater and a commercial building. By 1991, the adjacent properties to the north were occupied by the Walina Apartments, the Waikiki Apartments and the Ala Wai Palms Apartments. There were no changes to the adjacent properties to the east. South of the subject property was Kanekapolei Street followed by Waikiki Sands Villa and apartment buildings. West of the subject site were a parking lot and commercial buildings. Since 1991 there have been no significant changes to the adjacent properties' usage or configurations, except to the west, which are now retail stores and restaurants.

The subject property is occupied by the Aloha Surf Hotel, a resort hotel. The first floor of the hotel is also occupied by a former restaurant, a small gift shop, a jewelry store and a salon and spa. No significant quantities of hazardous materials were observed except in the parking level. A subterranean parking level is located beneath the hotel. This level contains parking, housekeeping for the hotel, a small laundry for guests, a maintenance shop, mechanical rooms and storage rooms.

On the day of the site visit, an emergency generator was observed in the subterranean parking beneath the east end of the subject building. This generator was observed to have a 100-gallon slung-under AST. This AST appeared to be double-walled. No staining was observed on the concrete surface beneath the AST. The generator and AST were observed not to be located within secondary containment. A trench drain used to collect stormwater was observed next to the generator. Should there be a release from the AST, fuel from the tank would run into the trench drain, then into a nearby sump. Observed next to the generator was a 55-gallon steel drum containing diesel fuel. This drum was observed in secondary containment. Also observed in this area was a sump and pump. This sump collects stormwater from the nearby trench drain and pumps it into the city-owned stormdrain system.

An office, store room and laundry are also located on the parking level beneath the east end of the subject building. Various household cleaners and laundry soaps were observed in this area.

On the parking level of the west end of the subject building was a storage room which contained a second sump and pump. This sump also collected stormwater and pumped it into the city-owned stormdrain system.

A maintenance shop is located on the parking level on the west end, beneath the subject building. The shop contained small quantities of various maintenance supplies. A paint storage room next to the maintenance shop was observed to contain approximately 17 five-gallon buckets of paint and 40 one-gallon containers of paint. Only minor staining was observed on the floor of this room.

Near the maintenance shop is the pool equipment area and a storage area. The pool equipment area was observed to contain a small quantity of pool chemicals. In the storage area were three empty 55-gallon drums (labeled mineral spirits, diesel fuel and one unlabeled drum). There were also several containers of paint and one fire-rated cabinet containing various lubricants and a small amount of solvents. Next to the fire-

rated cabinet was an approximate 1,000-gallon aboveground grease interceptor which was used by the restaurant to intercept grease and oil, and to prevent it from flowing into the sanitary sewer system.

No areas of stained soil, stained asphalt or concrete, or distressed or discolored vegetation, were observed on-site during the site reconnaissance, other than those described above.

BA Environmental did not observe issues of environmental concern, such as significantly stained pavement or concrete floors, underground storage tanks (USTs), aboveground storage tanks (ASTs), floor drains, waste water clarifiers, or hazardous materials usage or storage, at the subject property, other than those described above.

BA Environmental performed a visual survey of suspect friable and non-friable ACMs. Suspect materials include gypsum wall board, joint compound, 12" by 12" floor tiles and mastic, floor sheeting and mastic, vinyl base molding and adhesive, 2' by 4' suspended acoustical ceiling panels, 12" by 12" ceiling tiles and mastic, caulking, exterior stucco carpet adhesive, two types of spray-on acoustical ceiling material and roofing materials. On the day of the site reconnaissance, all of the suspect materials appeared to be in relatively good condition with a low threat to human health. As the building was completed in 1966, there is a low to moderate potential for the presence of ACMs within the existing building materials.

BA Environmental reviewed selected government environmental databases. The subject property was not listed on any of the databases searched. The closest listed facilities are located approximately 475 feet southwest (down-gradient) of the subject property. This facility (ABC Store #21) is listed on LUST, UST and FINDS databases. The release is reported to be confirmed; however, there does not appear to have been any remedial action. Based on the distance of this facility, and the distances and statuses of the remaining facilities, there is a low potential for environmental impact due to off-site sources.

BA Environmental has performed a Phase I ESA, in conformance with the scope and limitations of ASTM Practice E 1527-00, of the retail/commercial office buildings located at 444 Kanekapolei Street, in the City of Honolulu, Hawaii. Any exceptions to, or deletions from, this practice are described in the Introduction section of this report.

This assessment has revealed the following recognized environmental conditions in connection with the subject property:

- The AST and generator are not located within secondary containment. A trench drain used to collect stormwater was observed next to the generator. Should there be a release from the AST, fuel from the tank would run into the trench drain, then into a nearby sump; and
- Suspect ACMs exist at the subject site.

BA environmental recommends the following with regards to the subject site:

- Place the generator and AST in secondary containment; and
- Prior to renovation or demolition activities at the subject site that may disturb unsampled suspect ACMs, an asbestos survey is recommended. If confirmed

444 Kanekapolei Street, Honolulu, Hawaii
October 12, 2004
Page 4

ACMs are scheduled for renovation or demolition activities, they should be removed by a licensed asbestos abatement contractor.

If you have questions regarding this project or report, please contact us at (818) 500-1898.

Respectfully submitted,
BA ENVIRONMENTAL



Russell M. Cote, M.Sc., R.G. No. 7139
Manager, Environmental Services



STRUCTURAL EVALUATION REPORT

Project: Aloha Surf Hotel Structural Review
Date: Thursday 28 October, 2004
Client: CP Aloha Surf, LLC
1000 Sansome Street, Suite 180
San Francisco, CA 94111

I. Introduction

A. Project Location

444 Kanekapolei Place
Honolulu, Hawaii 96815
TMK: 2-6-21:16, 34 &35

B. Scope of Work

The basic objective of this report is to provide a brief structural review to determine the adequacy of the building structure with respect to the building code applicable during the period of construction. Based on information provided to our office, it appears that the applicable code is the Uniform Building Code, 1961 Edition (1961 UBC). Information was obtained primarily through a review of the original structural drawings of the Aloha Surf Hotel, dated 14 December 1965.

Potential structural deficiencies and viable retrofit options will be discussed if identified during the course of our brief review. Retrofit options will be suggested for preliminary pricing purposes only and may entail additional engineering design beyond the scope of this report.

The City and County of Honolulu does not require older buildings, such as the Aloha Surf Hotel and numerous other buildings of this era in Waikiki, to be brought up to the current building code structural requirements. The retrofit options discussed in this report, therefore, should not be construed as an "upgrade" to current building code structural criteria, but only as potential corrective work required to bring the structure into general conformance with the 1961 UBC.

II. Limit of Liability

Due to the limited scope of this report and because the review of an existing building requires that certain assumptions be made regarding existing conditions, and because some of these assumptions

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may not be verifiable without expanding additional sums of money, or destroying otherwise adequate or serviceable portions of the building this report should not be considered a guarantee or warrantee of the current or future behavior of the structure.

III. Overview:

The Aloha Surf Hotel is a 15-story concrete shear wall building. The structure has floor and roof framing consisting primarily of cast-in-place concrete slabs and concrete beams. Floors are supported on concrete columns and concrete shear wall elements located at the stair and elevator shafts. The cast-in-place stair and elevator shafts are also the primary lateral-force-resisting elements. Foundations consist of deep pile foundations interconnected by tie beams.

Our office's structural evaluation included a brief review of the original structural drawings and two documents made available by the Client. The documents reviewed included:

1. Structural Drawings Sheets S-1 thru S-14, prepared by Hawaii Licensed Structural Engineer, Harold Tanimura, No. 595, dated 14 December, 1965 (revised 9 May, 1996).
2. Supplementary Soils Investigation, prepared by Dames & Moore, dated 21 September, 1994.
3. Structural Review Letter, prepared by Breiholz Qazi Engineering, Inc., dated 4 October, 2004.

Following our review of the drawings and documents, we performed several simple hand calculations to determine the general adequacy commonly occurring structural elements. We also developed a simplified computer model of the building to investigate the performance of the lateral force resisting system. The results of the computer model were used to determine the adequacy of the building with respect to the 1961 UBC earthquake and wind design provisions.

IV. Structural Review Criteria:

The structural review is based on the provisions of the Uniform Building Code, 1961 Edition, including the following:

1. Super-imposed Dead Loads:
Partition & Misc. Load (Uniformly Distributed).....10 psf
2. Live Loads:
Apartments Floor (Uniformly Distributed).....40 psf
3. Seismic Loads:
 - a. UBC 1961, Section 2313.....Seismic Zone I
 - b. Seismic base shear..... $V = Z K C W = \begin{matrix} V_x = 0.015 W \\ V_y = 0.012 W \end{matrix}$
4. Wind Loads:
 - a. UBC 1961, Section 2307.....20 psf "Wind-Pressure-Map Area"
 - b. Wind base shear.....Based on 30 psf wind pressure per Table No. 23-C

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V. Analysis Results:

A. Gravity Load Analysis

Gravity loads generally consist of the self-weight of the structure, the weight of permanent construction materials entering into the building, and transient loads due to the type of occupancy. We performed simple hand calculations to determine the general adequacy of commonly occurring structural elements within the superstructure. We then reviewed the design of a few foundation elements. At the conclusion of our gravity load analysis, it appeared that the concrete slab, beam and column framing of the superstructure were adequate, while the foundations exhibited major design deficiencies. The analysis results are as listed below:

- Typical 7½" cast-in-place slabs at floors 5 thru 15: We determined that both the 1-way and 2-way portions of the 7½" concrete floor slab were adequate with respect to flexural capacity, 1-way shear capacity, and punching shear capacity. Additionally, the slab thickness is within established prescriptive limits for controlling deflections.
- Typical concrete beam framing at floors 5 thru 15: We determined that the reinforced concrete beam framing is adequate with respect to flexural and shear capacity. Similar to the floor slab analysis, the beam depth is within established prescriptive limits for controlling deflections.
- Typical round and square interior columns: The reinforced concrete columns at the lower levels appear to be adequate with respect to axial load carrying capacity.
- Foundations: In general the deep pile foundations appear to be appropriately designed, with exception to the stair and elevator shaft foundations.

Piles under both stair shafts and the elevator shaft appear to be significantly under-designed. We estimate that the piles under the core walls are carrying gravity loads between 50% and 100% beyond the allowable rated pile capacity (80 tons per original structural drawings). Even irrespective of soil issues, several piles appear to be loaded beyond the maximum allowable load for a 12" square concrete pile at $f'_c = 6000$ psi.

Despite the apparent under-design of the stairwell and elevator shaft foundations, it should be noted that previous evaluations of the Aloha Surf Hotel referenced in this report have specifically noted that no visual foundation distress has been observed.

B. Lateral Force Analysis (1961 UBC)

The objective of this review is to determine the adequacy of the Aloha Surf Hotel with respect to the 1961 UBC. Hence, the design seismic and wind force levels for this review have been established as the criteria in the 1961 UBC provisions.

- Applicability of analysis: It is important to note that building code provisions for earthquake and wind have changed dramatically in the past four decades. For example, 1961 UBC earthquake provisions represent a seismic force level that is only a small fraction of forces used in current seismic standards for new construction. In addition, the 1961 UBC seismic force level is *substantially lower* than the minimum seismic performance levels established by FEMA-273/274 "NEHRP Guidelines for the Seismic Rehabilitation of Buildings." Hence, the seismic and wind review presented in this report

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should not be interpreted in any way as a structural “rehabilitation” or “upgrade.” The sole objective of this review is to determine conformance or non-conformance with provisions of the 1961 UBC, which were applicable at the time of construction.

- **Structural Modeling:** Our office modeled the Aloha Surf Hotel using ETABS, an integrated analysis and design software package for building type structures. The analysis was based on a simplified modeling approach intended only for “ballpark” estimates of the distribution of the seismic forces and lateral load path. The most significant feature of the model is that it allowed our office to quantify the level of interaction between the flat plate-column frame and the shear walls. A picture of the three-dimensional computer model is shown in Figure 1 below.

In many analyses, the lateral resisting capacity and stiffness of a flat plate-column frame is ignored in a concrete shear wall building. However, early in the modeling exercise, it became evident that the shear walls alone were not enough to resist the magnitude of the 1961 UBC earthquake loads. Alternatively, with further analysis we determined that the flat plate-column frame within the building was capable of resisting a significant portion of the wind and seismic overturning loads. The result of the analysis is that a smaller than expected percentage of the wind and seismic load is resisted by the stairwells and elevator shaft shear walls.

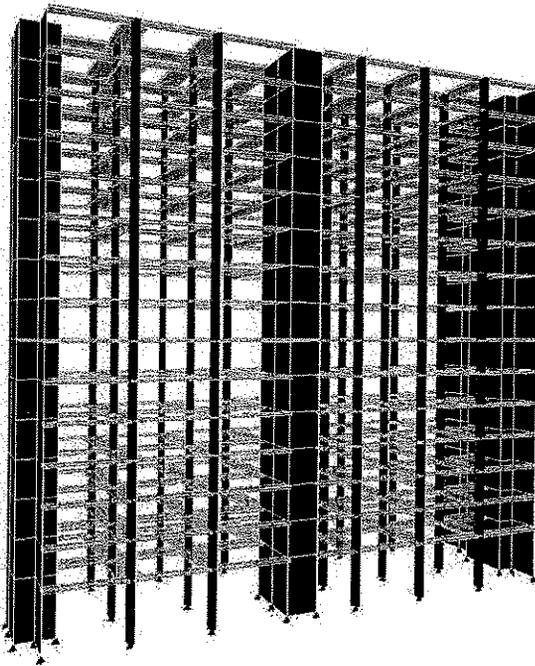


Figure 1: ETABS Model of the Aloha Surf Hotel

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- **Code compliance:** The structural modeling results yielded forces in the stairwells and elevator shear walls that were within the allowable capacity limits for the concrete shear walls. We also verified that the forces induced in the flat plate-column frame were also within the allowable limits. In general, we concluded that the overall lateral load resisting system for the superstructure of the Aloha Surf Hotel was adequate to resist the seismic and wind force level prescribed by the 1961 UBC.

Unfortunately, the stairwell and elevator shaft foundations that were found to be inadequate for gravity loads are even more severely overstressed with respect to seismic and wind loads. Additionally, it is difficult to quantify and uplift capacity of the pile foundations with the limited as-built type information available.

VI. Conclusions:

Based on our brief review, we offer the following comments:

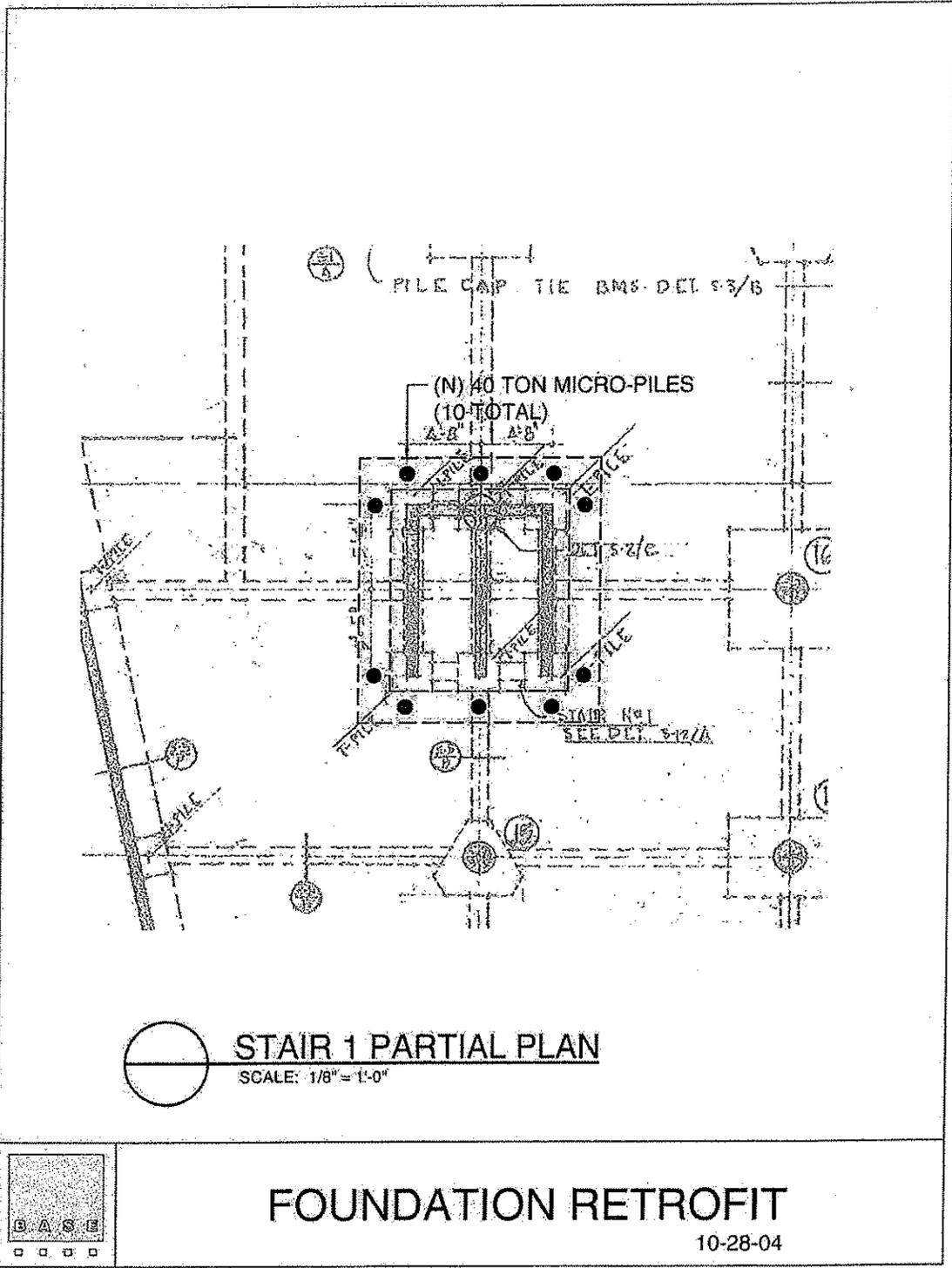
1. **The concrete roof and floor framing and columns appear to be in general conformance with respect to the gravity loads provisions in the 1961 UBC.**
2. **The shear wall lateral-force-resisting system appears to be in general conformance with respect to seismic and wind loads provisions in the 1961 UBC.**
3. **The foundations under the stairwell and elevator shafts are significantly under-designed.** Not only do the foundations appear to be severely under-design for 1961 UBC lateral loads, they are also overstressed under the gravity load analysis. Technically speaking, the foundation design does not meet the 1961 UBC building code requirements even though they have evidently performed well for almost 40 years.
4. **Attached in Appendix "A" are possible foundation retrofit for the stairwells and elevator shafts.** The sketch is intended for preliminary pricing only. Based on our review, it appears that this type of foundation retrofit work is essential to achieving a technical code compliance with the 1961 UBC.
5. **It is important to understand that the foundation retrofit is intended to provide "code compliance" for the original construction. This will provide a building with a level of safety relatively the same as numerous other existing buildings in Waikiki.**

This work will not, however, bring the structural system into conformance with all current code requirements.

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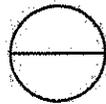
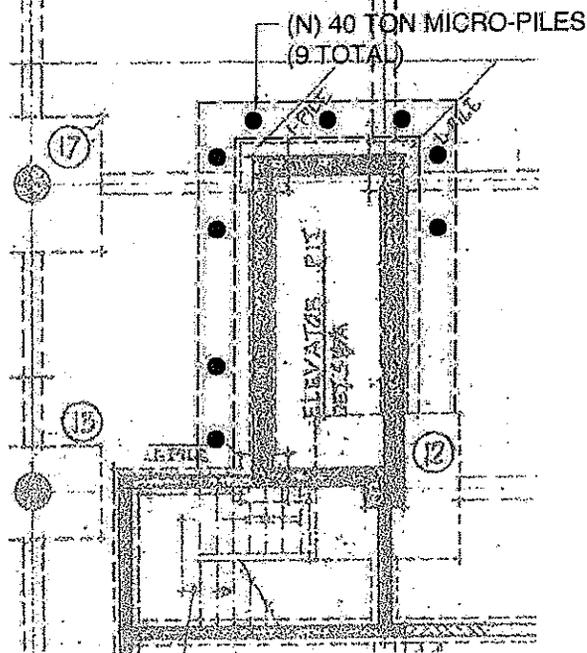
APPENDIX "A"

Potential Foundation Retrofits for Preliminary Pricing Only



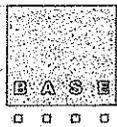
ELEVATIONS SEE SHT. A-4.

NOTED: ALL BASEMENT FL. SLABS THICK W/ #3 @ 9 1/2" O.C. EACHWAY.



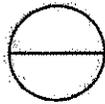
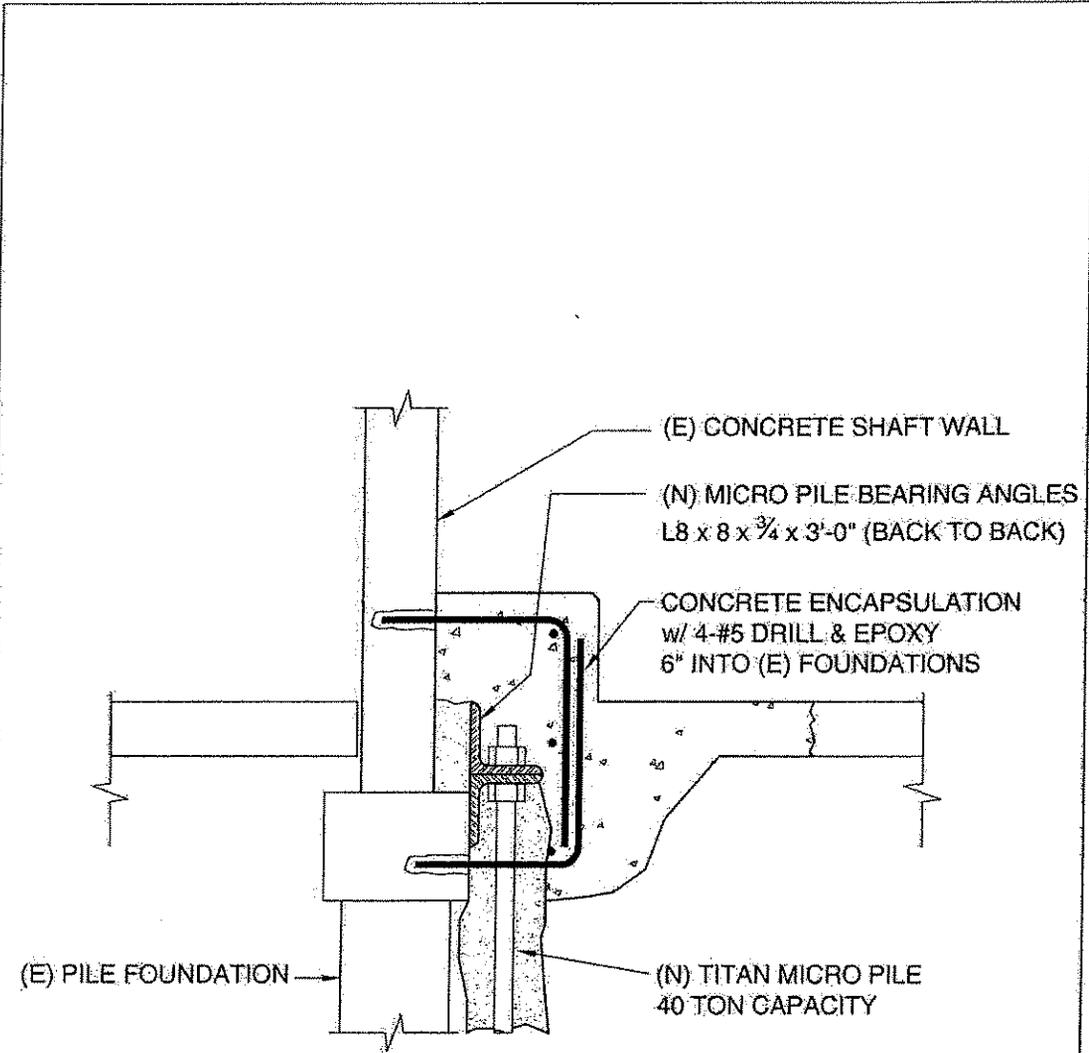
ELEVATOR PARTIAL PLAN

SCALE: 1/8" = 1'-0"



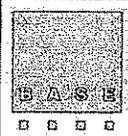
FOUNDATION RETROFIT

10-28-04



FOUNDATION RETROFIT DETAIL

SCALE: 1/8" = 1'-0"



FOUNDATION RETROFIT

10-28-04

FOUNDATION RETROFIT

ITEM #	DESCRIPTION	CITY	UNIT	TOTAL		LABOR		EQUIPMENT		MATERIAL		SUBCONTRACTOR	
				UNIT COST	TOTAL	UNIT COST	TOTAL	UNIT COST	TOTAL	UNIT COST	TOTAL	UNIT COST	TOTAL
1	Install Micro-piles		29 EA	37,000									
2	Excavation & Backfill		29 EA	29,000									
3	Reinforcing Steel		29 EA	7,250									
4	Fabricate Steel Brackets Assemblies		29 EA	11,600									
5	Fabricate Steel Test Frame - Load Test		1 EA	2,000									
6	Splice-out & Demo SPC for Micro-pile Installation		29 EA	8,360									
7	Dispose Concrete Debris		1 LS	500			6,960						
8	Layout		29 EA	1,740									
9	Install Bracket Assemblies		28 EA	6,360			1,740						
10	Drill & Epoxy Rebar Dowels		29 EA	2,320			4,490						
11	Form & Finish Encapsulation		29 EA	8,130			1,740						
12	Strip & Polish Encapsulation		29 EA	4,640			1,740						
13	Strip & Polish Encapsulation		29 EA	4,640			1,740						
	SUBTOTAL			172,150			22,620						
	CONSUMABLES (4% x L)			17,644									
	SUBTOTAL			189,794									
	OVERHEAD & FEE (10% x T)			19,079									
	SUBTOTAL			208,873									
	GT @ CH17X(T-SUBS)			3,629									
	GRAND TOTAL			212,502									

EXHIBIT "M-4"

ALOHA SURF HOTEL

ADA BARRIER REMOVAL PLAN

EXHIBIT A

ACTIONS TO BE TAKEN	DESCRIPTION	COMPLETION DATE
1.	Provide accessible entrance (e.g. ramp and/or lift) from public sidewalks to the lobby level of the facility.	To be performed by AOA Aloha Surf Hotel by August 31, 2005.
2.	Provide alternative means of access policy at porte cochere/inaccessible front entrance by which persons with disabilities using wheelchairs and other persons who have mobility impairments who cannot negotiate the front stairs and non-accessible ramp may use the parking level accessible stall area/loading zone to access the facility via vertical accessible route (elevator) to lobby area.	To be performed by AOA Aloha Surf Hotel by August 31, 2005.
3.	Provide an alternative means of access policy by which the facility will refer requests for accessible tub rooms and accessible roll-in shower rooms to another hotel/transient lodging of equal or greater amenities at no additional charge to the customer who is a qualified person with a disability. This policy to be in force for only so long as CP Aloha Surf, LLC is the owner of condominium units in the Aloha Surf Hotel.	To be performed by AOA Aloha Surf Hotel, effective immediately.