



REAL ESTATE COMMISSION
 STATE OF HAWAII
 DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
 PROFESSIONAL AND VOCATIONAL LICENSING DIVISION
 1010 Richards Street - P. O. Box 3469
 Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

on

MAKIKI REGENT

1330 Heulu Street
 Honolulu, Hawaii

Registration No. 2294

Issued: October 8, 1990
 Expires: November 8, 1991

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of September 24, 1990, and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

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 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
 Supersedes all prior public reports
 Must be read together with _____
-
- SUPPLEMENTARY:** Updates information contained in the
(pink)
- Prelim. Public Report dated _____
 Final Public Report dated _____
 Supp. Public Report dated _____
- And Supersedes all prior public reports
 Must be read together with _____
- This report reactivates the _____
 public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required 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 Commission.

Changes made are as follows:

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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 Hawaii's "*Condominium Property Act*" (Chapter 514A, Hawaii Revised Statutes) must be followed.

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, mortgaged, or encumbered, and they 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 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.

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 owner/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. The leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

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 a vote of the owners. Some of these actions may significantly impact the quality of life for all 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 vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

- * Fee simple interest in an apartment and an undivided feehold interest in the common elements.
 - Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
 - * Fee simple interest in an apartment and an undivided leasehold interest in the common elements.
- * Purchasers will be given the option to purchase in either manner.

Types of Project:

1. New Building(s) Conversion
 Both New Building(s) and Conversion
2. Residential Commercial
 Mixed Residential and Commercial
 Other _____
3. High Rise (5 stories or more) Low Rise
4. Single or Multiple Buildings
5. Apartment Description

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
01	9	2/2	1,278	240
02	9	2/2	1,278	240
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 18

**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.

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>38</u>
Guest Stalls	_____
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: _____	<u>10</u>
Total Parking Stalls	<u><u>48</u></u>

7. Recreational amenities: Private park.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: WCW CORPORATION
Name
1821 Keeaumoku Street, #501
Business Address
Honolulu, Hawaii 96822

Phone: 536-6046
(Business)

Names of officers or general partners of developers who are corporations or partnerships:

Wellington C. Wong, President/Treasurer
Choi Yuk Wong, Vice-President/Secretary

Real Estate Sales Agent: WONG'S ENTERPRISES, LTD.
Name
1507 S. King St., Room 301 A
Business Address
Honolulu, Hawaii 96814

Phone: 955-7585
(Business)

Escrow: LONG & MELONE ESCROW
Name
333 Queen Street, Room 501
Business Address
Honolulu, Hawaii 96813

Phone: 531-3189
(Business)

Managing Agent: None at this time.
Name

Business Address

Phone:
(Business)

Attorney for Developer: GEORGE OKAMURA
Name
737 Bishop Street, Suite 2770
Business Address
Honolulu, Hawaii 96813

**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 Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

- 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. 90-119450
 Filed - Land Court - Document Number _____

Amendment date(s) and recording/filing information:

- 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 condominium project is:

- Proposed
 Recorded - Bureau of Conveyance Condo Map No. 1359
 Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

- 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 way in which meetings will be conducted, 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. 90-119451
 Filed - Land Court - Document Number _____

Amendment date(s) and recording/filing information:

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to 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.

- D. **House Rules.** The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. 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>-0-</u>

The percentages for individual condominium projects may be more than the minimum set by law.

- 2. **Developer:** The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules:

Refer to Exhibit "A"

B. Underlying Land:

Address: 1330 Heulu Street Tax Map Key: (1) 2-4-25:10 & 11
Honolulu, Hawaii 96822 (TMK)

Address TMK is expected to change because _____

Land Area: 18,427 square feet acre(s) Zoning: A-2

Fee Owner: WCW CORPORATION
Name

1821 Keeaumoku Street, #501
Address
Honolulu, Hawaii 96822

Sublessor: _____
Name

Address

C Buildings and Other Improvements:

1. New Building(s) Conversion of Existing Building(s)
 Both New Building(s) and Conversion

2. Buildings: 1 Floors Per Building 10
 Exhibit _____ contains further explanations.

3. Principal Construction Material:

- Concrete Hollow Tile Wood
 Other _____

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Industrial	_____
<input checked="" type="checkbox"/> Residential	<u>18</u>	<input type="checkbox"/> Agricultural	_____
<input type="checkbox"/> Timeshare/Hotel	_____	<input type="checkbox"/> Recreational	_____
<input type="checkbox"/> Other: _____			_____

5. Special Use Restrictions:

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

[X] Pets Refer to Exhibit "C"

[X] Number of Occupants: Refer to Exhibit "C"

[X] Other: Rentals (Refer to Exhibit "C")

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 18

Elevators 1 Stairways 1 Trash Chutes 1

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>01</u>	<u>9</u>	<u>2/2</u>	<u>1,278</u>	<u>240</u>
<u>02</u>	<u>9</u>	<u>2/2</u>	<u>1,278</u>	<u>240</u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

**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:

Refer to Exhibit "D"

Permitted Alterations to Apartments;

Refer to Exhibit "E"

7. Parking Stalls:

Total Parking Stalls: 48

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)	<u>31*</u>	<u>4</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>38</u>
Guest	<u> </u>						
Unassigned	<u> </u>						
Extra Available for Purchase	<u> </u>						
Other:	<u>0</u>	<u>2</u>	<u>3**</u>	<u>0</u>	<u>5</u>	<u>0</u>	<u>10</u>
Total Covered & Open	<u>37</u>	<u> </u>	<u>5</u>	<u> </u>	<u>6</u>	<u> </u>	<u> </u>

Each apartment will have the exclusive use of at least 2 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 "F" 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

Recreation Area

Laundry Area

Tennis Court

Trash Chute

Other: Private park

* 12 stalls (nos. 2-13) may be considered partly covered.
** 1 stall (no. 1) may be considered partly covered.

9. Present Condition of Improvements

(For conversions of residential apartments in existence for at least five years):

a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

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

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

Variance(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 now conform to present zoning requirements.

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

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which 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 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 intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit "G" describes the common elements.

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 may use them are:

described in Exhibit "H"

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 often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

Exhibit "I" describes the common interests for each apartment.

As follows:

E. **Encumbrances Against Title:** An encumbrance is a claim against or a liability on the property.

Exhibit "J" describes the encumbrances against the title contained in the title report dated August 3, 1990 and issued by Long & Melone, Ltd.

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

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

[X] 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. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Mortgage, Security Apartment and Financing Statement	Developer cannot convey unless lender allows conveyance

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

Initial Managing Agent: When the developer or the developer's affiliate is the initial managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial managing agent for this condominium is:

[] not affiliated with the Developer.

[] the Developer or the Developer's affiliate.

[] self-managed by the Association of Apartment Owners.

[X] other No management agent selected, but lease documents provides that the Association of Apartment Owners must select one.

G. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided to each apartment.

Exhibit "K" contains a schedule of maintenance fees and maintenance fee disbursements.

H. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Electricity (Common Elements Only) | <input type="checkbox"/> Television Cable |
| <input type="checkbox"/> Gas | <input checked="" type="checkbox"/> Water & Sewer |
| <input checked="" type="checkbox"/> Other <u>Central Air Conditioning</u> | |
| <input type="checkbox"/> Not applicable | |

I. **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:

Contractor has provided a one-year warranty. It begins on the date of "Substantial Completion" of the project and ends one year thereafter. For a discussion of when the date of "Substantial Completion" is and other discussion, refer to Exhibit "L".

2. Appliances:

Various appliance manufacturers have given warranties for varying periods. Refer to Exhibit "L".

J. Status of Construction and Estimated Completion Date:

Construction has not yet commenced. The estimated completion date is Sept. 30, 1991.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

L. 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 "M" contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated Sept. 11, 1989

Exhibit "N" contains a summary of the pertinent provisions of the escrow contract.

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

NONE

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer 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 for Preliminary Report.

Final Report, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

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

1. There is a material change in the condominium which directly, substantially, and adversely affects (a) the use or value of the buyer's apartment or its limited common elements; or (b) the amenities available for buyer's use; and
2. 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.

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Condominium Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other _____

If these documents are not in final form, the buyer should ask to see the most recent draft.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs.

This Public Report is a part of Registration No. 2294 filed with the Real Estate Commission on August 15, 1990.

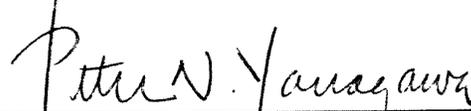
Reproduction of Report. When reproduced, this report must be on:

yellow paper stock

white paper stock

pink paper stock

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the date of issuance unless a Supplementary Public Report is issued or unless the Commission issues an order extending the effective period for the report.



PETER N. YANAGAWA, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Bureau of Conveyances
Department of Finance, City and County of Honolulu
Planning Department, City and County of Honolulu
Federal Housing Administration
Escrow Agent

EXHIBIT "A"

DEVELOPER RIGHTS TO CHANGE DECLARATION,
CONDOMINIUM MAP, BY-LAWS, HOUSE RULES

The Developer has reserved the following rights to change the Declaration, Condominiu Map, By-Laws and/or House Rules:

The Developer may amend the Declaration without the consent or joinder of any Apartment owner(s) or any mortgagee by filing an amendment to the Declaration pursuant to the provisions of Chapter 514A, Hawaii Revised Statutes, after completion of construction of the Project by attaching to such amendment a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed or being filed simultaneously with such amendment fully and accurately depict the layout, location, apartment numbers and dimensions of the Apartments, as built.

The Developer has reserved the right to designate, locate, grant, convey, lease, modify, transfer, cancel, relocate, and otherwise deal with any and all utility and other easements (now or hereafter located) over, across and under the common elements, including, without limitation, for lines and other transmission facilities and appurtenances for air conditioning, electricity, gas, t.v., telephone, hot and cold water, sewer, drainage, and other services and utilities, and the right to enter any Apartment and Common Elements for purposes of the foregoing until the Association shall have been formed.

EXHIBIT "B"

LEASEHOLD DISCLOSURE



**GLOSSARY
FOR
CONDOMINIUMS, COOPERATIVE APARTMENTS
AND P.U.D.S**

**LEASE DISCLOSURE SERVICES, INC.
SUITE 1415
745 FORT STREET
HONOLULU, HAWAII 96813
TELEPHONE: (808)538-1152
FAX: (808) 599-4340**

GLOSSARY

AMENDMENT OF LEASE

A document reflecting a formal change to the original terms of the lease, such as new lease rent amounts or expiration date.

APPRAISAL

An opinion or estimate of the value of property interest, usually made by a qualified real estate appraiser in a written report. An appraisal is frequently required to determine the value of the land under a leasehold apartment project for purposes of calculating the new lease rent upon rent renegotiation. See MARKET VALUE.

ARBITRATION

A method of settling legal disputes other than litigating the matter in court. The matter is submitted to an impartial third party called an "arbitrator" (or a panel of arbitrators) whose decision is final. Normally, the lessor and the lessee each select an appraiser, and those two appraisers agree on a third appraiser to help them determine the final appraised value.

ASSESSMENT

A specific levy for a definite purpose, such as making major repairs or adding new recreational amenities to a condominium project. Individual condominium owners are subject to special assessments benefiting the project as a whole and not funded through regular maintenance charges.

ASSIGNMENT OF LEASE

The transfer of a lessee's interest in leased property to another. When a lessee sells a leasehold property to a new buyer, the lease is assigned to the buyer, and the document used to accomplish the sale is called an assignment of lease. Some leases require the consent of the lessor prior to any assignment of the lease. The new buyer (assignee) assumes the rights and responsibilities of the lessee. See PROPRIETARY LEASE.

ASSOCIATION (OF APARTMENT OWNERS - AOA)

All of the unit owners of a condominium acting as a group, in accordance with the Declaration and Bylaws, for the administration of the project.

BOARD (OF DIRECTORS)

The governing body of an association of apartment owners which is elected periodically and is authorized to carry on and effect the business affairs of the association.

BOND

An agreement or promise by a bonding company that the construction contract will be completed and that no liens will be made against the condominium project as a result of the construction.

BYLAWS

Regulations, rules, or laws adopted by a condominium association or corporation for its management and operation.

COMMON AREAS

Areas of a condominium or cooperative designated for use by all residents. Common areas frequently include hallways and stairways, elevators, barbecue areas, and swimming pools.

COMMON EXPENSES

The operating expenses of the condominium property, together with all other sums designated as common expenses by or pursuant to condominium law, the Declaration, or the Bylaws.

COMMON INTEREST

The percentage of undivided ownership in the common elements belonging to each condominium apartment, as established in the condominium declaration. The applicable percentage is usually computed as the ratio of the square footage of a particular apartment to the total square footage of the building, or as the ratio of the apartment's purchase price to the total sales price of all of the apartment units. The ratio is expressed as a percentage, such as 1.47% or .0147. The percentage of common interest determines an owner's interest in the common elements, the amount an owner will be assessed for maintenance and operation of the common properties, the real estate tax levied against an individual unit, and the number of votes an owner has in the condominium association.

CONDEMNATION

The forced sale of private property to the government when needed for a public use. Condemnation is exercised by the government under the theory of eminent domain, and the owner of the property condemned must usually be reimbursed with just compensation.

CONDOMINIUM

A form of real property ownership consisting of (1) ownership of an individual apartment unit; and (2) an undivided interest in the common elements. The common elements include the land (either in fee simple or leasehold), and those parts of the building intended for common use such as foundations, roofs, halls, elevators, and the like. Each condominium apartment may be sold separately from all other units.

CONDOMINIUM CONVEYANCE DOCUMENT (CCD)

A document that transfers to the grantee legal title to an apartment and a percentage interest in the common elements, along with a ground lease of a percentage interest in the land.

CONDOMINIUM MAP

The detailed site plan containing the layout, location, unit numbers and dimensions of the condominium units, which is filed for record at the Bureau of Conveyances when the Declaration is recorded.

CONVERSION

The process of transforming a leasehold interest in land to an unencumbered fee simple interest through sale of the leased fee interest to the owner of the leasehold interest (the lessee). Conversion involves the merging of the leasehold and the leased fee interests to form an unencumbered fee simple estate. Also refers to the process of creating a condominium from an existing apartment building.

COOPERATIVE

A form of real property ownership in which a corporation is the lessee. The lessee owns the building which is located on land that is either fee simple or leasehold. Buyers who wish to own the cooperative housing project purchase shares of stock in the corporation and receive a Proprietary Lease from the corporation (as lessor) granting the right to occupy a specific unit and, in some cases, a parking stall. The cooperative housing corporation serves a function similar to the association of apartment owners of a condominium. Normally, the owner of a co-op apartment unit may sell his or her interest only with the approval of the directors of the corporation.

DECLARATION

The legal document which the developer of a condominium must file with the Real Estate Commission and record at the Bureau of Conveyances in order to create a condominium under the Horizontal Property Act. The declaration must contain a precise description of the land, whether leased or fee; description of the materials used to construct the building; common elements and limited common elements; use of the building or buildings and apartments including restrictive uses; and other detailed legal requirements, such as service of process and provision of amendment of the declaration.

DEFEASANCE

A clause used in leases and mortgages to defeat or cancel a certain right upon the happening of a specified condition. The lease defeasance clause covers the types of defaults that will give the lessor the right to cancel the lease.

DROA (DEPOSIT RECEIPT, OFFER AND ACCEPTANCE)

A sales contract form most frequently used in Hawaii for real property transactions. It is a written agreement between the seller and buyer in which the buyer agrees to buy certain real property and the seller agrees to sell upon terms in the agreement. The DROA is one of the most important documents in a real estate transaction. It contains such provisions as the amount of the earnest money deposit, the purchase price and down payments, financing terms, closing date, and conditions of sale.

EXPIRATION DATE

The date the lease term will expire (cease to exist) as specified in the lease agreement. The lessee's right to possess the property will end on the expiration date unless the lease is extended, the lessee purchases the lessor's leased fee interest, or other arrangements are made. A lease may terminate prior to the expiration date. See TERMINATION.

EXTENSION OF LEASE

An agreement between the lessee and the lessor to make the lease effective for an additional period of time beyond the expiration date. The lessee may seek an extension of the total lease term, or the fixed rent portion of the lease, in order to obtain financing on the property due to the requirements of banks and other lending institutions. In most leases, the lessor has absolute discretion whether or not to agree to a request for extension.

FAIR MARKET VALUE

See MARKET VALUE.

FEE SIMPLE

The highest degree of ownership in real property recognized by law. Fee simple ownership may be transferred by gift, sale or succession and includes most rights to the enjoyment and use of the property, indefinitely, subject to federal, state and local laws. Where land has been leased, the unencumbered fee simple interest only exists once the leasehold and leased fee interests are again merged as, for example, through the sale of the leased fee interest to the party who holds the leasehold interest, or termination of the leasehold interest through reversion of all property rights at the end of the lease term.

FIXED RENT

An amount of lease rent which is fixed or predetermined in the lease document. During the fixed rent period of a ground lease (typically 25 to 35 years), the lessee knows exactly how much the lease rent payments will be. The fixed rent period may contain one or more step up increments, for example, the rent may be fixed at a certain amount for the first 10 years, and then be fixed at a higher amount for the next 10 years.

FORECLOSURE

A legal procedure whereby property used as security for a debt is sold to satisfy the debt in the event of default in payment of the mortgage note or default of other terms in the mortgage document.

GENERAL EXCISE TAX

A gross income tax on receipts from sales and other business activities in Hawaii, which is levied on the person receiving income for the privilege of doing business in Hawaii. Typically the lessee is required to pay the applicable general excise tax on the lease rent.

GROUND LEASE

A lease of land only, and not the buildings or other improvements constructed on the land. Ground leases are usually for a long term of 55 years or more. Generally, the rent is fixed for the early years of the lease term and then is renegotiated periodically. Typically, ground leases provide that the land reverts to the lessor at the end of the lease, including any building or other improvements on the land.

IMPROVEMENTS

Buildings or other permanent structures or additions attached to land which may increase the value of the land. Examples of improvements include: construction of buildings, fences, sidewalks, roadways, sewers, swimming pools, and landscaping. This is a much broader definition than the type of remodeling or upgrading improvements the apartment unit owners might accomplish in their own unit.

INDEMNIFICATION

An agreement to protect someone against loss or damage. The lessee often agrees to indemnify or "hold harmless" the lessor against claims resulting from the use of the apartment.

INSURANCE (FIRE & LIABILITY)

Fire insurance with extended coverage protects the improvements against loss or damage due to fire and/or other hazards. The insurance must be sufficient to replace the improvements without deduction for depreciation.

Comprehensive general liability insurance protects against claims and liability relating to the use and/or ownership of the condominium project.

LEASE

A written agreement by which the owner of property (lessor) gives possession of it to another person (lessee) for a definite period of time in return for the payment of rent. The lessor retains the right to retake possession at the end of the lease term. The specific type of lease may be a sublease, an apartment lease, a master lease, a ground lease, a condominium conveyance document, a proprietary lease, or any other kind of lease.

LEASE RENT

Periodic payments made by the lessee to the owner (lessor) in return for the right to use and occupy the property. The lease rent is specified in the lease agreement. The lease usually also specifies where and when lease rent payments are to be made.

LEASE TERM

The length of time, as specified in the lease, during which the lessee may rightfully use and occupy the leased property. A ground lease typically has a term of 55 years or more.

LEASEHOLD INTEREST

The rights and obligations of the lessee in the property as controlled by the lease agreement.

LEASEHOLD MORTGAGE

A mortgage on the lessee's leasehold interest in the property. The lessee may obtain a leasehold mortgage from a bank or other lending institution (mortgagee) in order to finance the purchase of the property or obtain a loan to make home renovations. If the lessee defaults, the bank may foreclose on the mortgage. The mortgage will be lower in priority to the ground lease because the ground lease provides that the lease rent has priority over mortgage payments.

LEASEHOLD PROPERTY

A property held under the terms of a lease agreement. The holder of a leasehold interest (lessee) usually pays the owner of the leased fee interest (lessor) a stated amount of lease rent over a specified lease term in consideration for the right to use and occupy the real property.

LEASED FEE INTEREST

The property interest retained by a landowner who has leased the rights to the use of the fee simple land for a definite period of time. The value of a leased fee interest includes the receipt of lease rents throughout the lease term and the reversion of the fee simple rights to the landowner at the end of the lease term.

LESSEE

The person to whom property is rented or leased. The lessee possesses the right to use or occupy the property (the leasehold interest) in return for the payment of rent over the term of the lease agreement.

LESSOR

The person who rents or leases property to another (the lessee) under a lease agreement. The lessor retains an interest in the property called the leased fee interest.

LIEN

A charge or claim which one person (lienor) has upon the property of another (lienee) as security for a debt or obligation. Examples of liens are judgments, mortgages, mechanic's liens, and the lien of the association of apartment owners for unpaid maintenance fees.

LIMITED COMMON ELEMENTS

That special class of common elements in a condominium reserved for the use of a certain apartment(s) to the exclusion of other apartments. This would include assigned parking stalls, storage units, or any common areas and facilities available for use of more than one but less than all unit owners.

MANAGING AGENT

Any person employed or retained for the purposes of managing the operation of the condominium project.

MARKET VALUE

The most probable cash price a property would sell for on the open market given a willing seller and a willing buyer, neither being under abnormal pressure, both being fully informed, and given reasonable time. Market value should be distinguished from purchase price, the price actually paid for a property, which may be influenced by other factors such as negotiating ability and time pressures.

MASTER LEASE

The dominant, or controlling, lease of real property. For example, a landowner might lease land to a developer to construct an apartment building, and the developer in turn subleases the units to individual lessees. The subleases must conform to the terms of the master lease. Thus, if the master lease is for a 55-year term, a sublease cannot legally exceed 55 years.

MERGER

The uniting or combining of two or more interests into one. Merger occurs at the end of the lease term when the leasehold interest reverts to the lessor, and the lessor once again owns the property in fee simple.

Merger also occurs in a lease-to-fee conversion when the lessee purchases the leased fee interest from the lessor. The leasehold interest and the leased fee interest merge together and the lessee becomes the fee simple owner. However, if there is a leasehold mortgage, merger does not occur until the mortgage is paid off.

MORTGAGE PROTECTION

A clause in the lease in which the lessor agrees not to cancel the lease for a default by the lessee provided the lessee's lender agrees to cure the default within a certain period of time.

PLANNED UNIT DEVELOPMENT (PUD)

A form of subdivision zoning allowing a greater density of dwellings than the conventional subdivision. Buildings are clustered together to leave more open space for parks and recreational areas. Like a subdivision, the land is divided into lots. Unlike condominium owners, owners of leasehold PUD's lease the lot directly under their home, but like condominiums, owners would have an undivided interest in the common elements. A community association is usually organized to provide for maintenance of common areas. Without checking the legal documents it is sometimes difficult to tell looking at a townhouse project whether it is a PUD or a condominium.

PRO RATA SHARE

A portion of the total amount as established by a certain percentage. A condominium owner's pro rata share of expenses and income is measured by the owner's percentage of common interest as set in the Declaration.

PROPRIETARY LEASE

A written lease between the corporation which owns (in fee or lease) a cooperative apartment building and the lessee who purchases shares in the corporation. The proprietary lease gives the lessee the right to use and occupy a particular unit, and, in some cases, a particular parking stall.

The proprietary lease sets forth all the rights and responsibilities of the lessee, and frequently includes the restriction that an owner may sell his or her interest only with the approval of the directors. The lease may be subject to a Master Lease between the land owner and the corporation.

PUBLIC REPORT

A report issued by the State Real Estate Commission disclosing all material facts that the prospective purchaser of a new condominium project should know before buying a unit. The public report may take the form of a preliminary, final, or supplemental report.

REMOVAL CLAUSE

Provision in the lease requiring the lessee to remove all buildings and other improvements and restore the leased land to its original condition at the end of the lease term. Individual lessees would be required to pay a proportionate share of the expense of removal. The lease typically provides that the improvements will become the property of the lessor if not removed by the lessee within the specified time.

RENEGOTIATION OF LEASE RENT

The review of a lease after a specified period of time to negotiate the rent anew. Most long-term ground leases require the renegotiation of lease rent payments after an initial fixed rent period. In the event that the lessee and lessor cannot agree on a new lease rent, many leases contain a formula for determining the renegotiated rent. This formula is frequently based on a specified rate of return to the landowners on the market value of the land as determined by an arbitration panel. Renegotiation, also called reopening, usually occurs in intervals of 10 or 15 years until the lease ends.

REOPENING PROVISION

See RENEGOTIATION OF LEASE RENT.

REVERSION

The right of a lessor to retake possession of leased property upon the termination of a lease. The typical ground lease provides that the land reverts to the lessor at the end of the lease term. The general rule is that all buildings and other improvements placed on the land by the lessee will also revert to the lessor. The lease document may require the lessee to remove the improvements. See SURRENDER CLAUSE.

RIGHT OF FIRST REFUSAL

The right to have the first opportunity to purchase or lease real property. A right of first refusal might give a lessee the right to purchase the leased fee interest, if it is offered for sale. The lessee who has a right of first refusal has no right to purchase until the owner actually offers the property for sale or entertains an offer to purchase from some third party. At that point the lessee may match the offer. Under Hawaii law, the homeowners association of a condominium or cooperative has a right of first refusal to buy the leased fee interest if the lessor decides to sell.

RULES & REGULATIONS

Rules of conduct adopted by a board of directors of a condominium and designed to promote harmonious living among the owners and occupants. Such rules are usually enforced by the resident manager with the support of the board; also called "house rules."

SUBLEASE

See MASTER LEASE.

SURRENDER CLAUSE

A provision of the lease which describes what will happen to the property, including any buildings or other improvements, when the lease term ends. At the end of the lease term, the lessee must surrender or deliver to the lessor possession of the land. In some cases, the surrender clause may provide that the improvements automatically become the property of the lessor. Other leases provide that the lessee may, or must, remove improvements paid for by the lessee.

TERMINATION

The cancellation of a lease. For example, a lease terminates at the end of the lease term. The expiration date is specified in the lease agreement. A lease may also terminate by mutual agreement of the lessee and lessor, a breach of a condition of the lease, or an eviction.

UNENCUMBERED

A title to real property that is free and clear of encumbrances such as leases, restrictions, mortgages, and other liens.



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RESIDENTIAL CONDOMINIUM CONVEYANCE DOCUMENT SUMMARY

This is a summary of the major provisions of the Condominium Conveyance Document ("CCD") described below. If there is any discrepancy between this summary and the terms of the Condominium Conveyance Document, the Condominium Conveyance Document controls. Refer to the Glossary for the definition of capitalized words.

PART I: IMPORTANT PROVISIONS IN THE LEASE

1. PROPERTY LEASED (Section I and II, See Note 1 at end of summary):
 - a. Condominium Project: Makiki Regent
 - c. Apartment No.:
 - d. Parking Space No(s):
 - e. Undivided Common Interest: %
2. GRANTOR/LESSOR (Opening ¶): WCW Corporation, a Hawaii corporation ("Fee Owner")
3. LENGTH OF LEASE TERM (2nd ¶, page 2, Section II):
Approximately () years beginning on and ending on December 31, 2040.
4. FIXED LEASE RENT; AMOUNTS AND PERIODS (Section IV, ¶ 1):
\$4,500.00 per year until December 31, 2000;
\$5,400.00 per year until December 31, 2010;
\$6,300.00 per year until December 31, 2020;
\$7,200.00 per year until December 31, 2030; and
\$8,100.00 per year until December 31, 2040.
5. LEASE RENT RENEGOTIATION DATE(S): not applicable

6. HOW RENEGOTIATED LEASE RENTS ARE TO BE CALCULATED: not applicable
7. FREQUENCY OF LEASE PAYMENTS (Section IV, ¶ 1): Equal monthly payments in advance on the first day of each month of the lease term.
8. SURRENDER (Section IV, ¶s 19 & 20): At the end of the term of the lease or earlier termination of the lease, Lessee promises to execute any documents necessary to transfer to Lessor all of Lessee's interest in the land, the apartment and the Common Elements. If the Lessee fails to do so within thirty (30) days from expiration or termination of the lease, such documents will be deemed to have been executed. In addition, Lessor is granted a power of attorney to do whatever is necessary to transfer Lessee's interest in the property to Lessor. Lessor may request the court to grant whatever relief is necessary to transfer such interest.

The Association, with the agreement of all apartment owners, may remove or dispose of the building within thirty (30) days after the termination of the lease. If this is not done, then Lessee, along with other members of the Association, must deliver the building and other Improvements to the Lessor in good condition except for reasonable wear and tear.

PART II: OTHER PROVISIONS IN THE LEASE: The major provisions of the lease as specifically required by law are summarized in Part I above. Part II contains the other provisions of the lease which are summarized for your information and convenience.

1. APARTMENT CONVEYANCE (Section I): The Grantor conveys in fee simple the apartment, an undivided interest (see Part I, paragraph 1.d. above) in the Common Elements of the condominium project, and an exclusive right to use Limited Common Elements assigned to the owner's apartment. Only the apartment is conveyed in fee simple; the land under the Improvements is leased.

2. GROUND CONVEYANCE (Section II): The Lessor leases an undivided interest (see Part I, paragraph 1.d. above) in the land under the condominium project. The Lessor may give easements or rights to others over, across and under the land for public services such as utilities. If Lessee pays the rent and keeps all of Lessee's promises and agreements in the CCD, Lessor promises that Lessee may own, use and occupy the property without interference by Lessor or anyone claiming by, through or under Lessor.
3. INTERRELATIONSHIP OF INTERESTS (Section III): The apartment and the leasehold interest in the land under the condominium project are connected and cannot be separately transferred. The apartment and the leasehold interest in the land under the condominium project may not be further split or subdivided.

APARTMENT OWNER'S COVENANTS (Section IV):

4. RENT (¶ 1): Lessee promises to pay rent to the Lessor in lawful money of the United States in the amounts and at the times set forth in Part I, paragraphs 4 through 7 above.
5. MANAGING AGENT (¶ 2): Lessee, as a member of the Association, promises to employ a Managing Agent for the project. The Managing Agent will repair and administer the Common Elements and collect and disburse all lease rents, real property taxes and Assessments. The Managing Agent will keep detailed accounts of collections and disbursements which the Lessee may inspect at all reasonable times.
6. IMPROVEMENTS REQUIRED BY LAW (¶ 3): Lessee, as a member of the Association, promises to pay his Pro Rata Share of the cost of any Improvements required by law.
7. PAYMENT OF COMMON EXPENSES (¶ 4): The Lessee promises to pay Lessee's Pro Rata Share of Common Expenses of the condominium project. The Lessee also promises to pay Lessee's Pro Rata Share of all other charges, Assessments, and/or utilities.
8. PAYMENT OF TAXES AND ASSESSMENTS (¶ 5): Lessee promises

to pay all taxes and Assessments whether imposed on the Lessor, Lessee, the apartment or the leased land. Such taxes include (but are not limited to) real property taxes.

9. PAYMENT OF CONVEYANCE AND GENERAL EXCISE TAX (¶ 6): Lessee promises to pay any conveyance tax imposed by the State of Hawaii. Lessee also promises to pay to the Lessor all General Excise Taxes or similar taxes imposed on the Lessor with respect to the rents and other payments received under the lease.
10. CONSTRUCTION OF IMPROVEMENTS (¶ 7): Any building, structure or changes to any building or structure in the condominium project requires plans and specifications. The plans and specifications must be approved by the Lessor, the Board of Directors of the Association, a majority of the owners (or any larger percentage that may be required by law or the Declaration), and all owners directly affected.
11. INSPECTION (¶ 8): Lessor has the right to inspect the condition of the Common Elements. Lessee will cause the Association to correct any defects within thirty (30) days.
12. BOND (¶ 9): Before any Improvements may be constructed on the condominium project, a Bond must be given to the Lessor which names the Lessor as obligee (protected party), and covers the cost of the construction.
13. OBSERVANCE OF LAWS (¶ 10): Lessee promises to observe all laws and rules made by any governmental authority that apply to the condominium apartment or the condominium project. Lessee promises to pay for, and defend and protect the Lessor against all claims and demands resulting from the failure to observe all laws and rules.
14. LIABILITY INSURANCE (¶ 11): Lessee, as a member of the Association, must obtain and keep in force general liability insurance in specified amounts. General liability insurance protects against claims and liabilities relating to the use and/or ownership of the

condominium project.

15. INDEMNITY FOR CLAIMS (¶ 12): Lessee promises to pay for, and defend and protect the Lessor against any accident that occurs on the land, any nuisance on the land, or the failure of Lessee to maintain the land in a safe condition.
16. ASSIGNMENT AND SUBLETTING (¶ 13): Lessee may assign or sublet the condominium apartment without the consent of the Lessor. For all assignments, other than by way of mortgage, the assignee or sublessee must promise to perform and keep all of the Lessee's promises contained in the CCD. An executed copy of the Assignment of Lease or Sublease must be delivered to the Lessor. Lessee is not released from his promises and agreements contained in the CCD.
17. FEE OWNER'S (LESSOR'S) COSTS AND EXPENSES (¶ 14): Lessee promises to pay all of the Lessor's costs and expenses, including reasonable attorney's fees, which result from enforcing the CCD, curing any default by Lessee, collecting rent, recovering possession of the property, or any lawsuit which Lessor becomes involved in without being at fault.
18. NO LIENS (¶ 15): Lessee promises that he will not allow any claim to be imposed on the condominium apartment or his interest in the land, except for mortgages.
19. WASTE AND UNLAWFUL USE (¶ 16): Lessee may not misuse or destroy the leased land, and may not permit anyone else to do so.
20. MAINTENANCE (¶ 17): Lessee promises to keep the condominium apartment in good condition. The Lessee, as a member of the Association, also promises to pay Lessee's Pro Rata Share of keeping the Common Elements in good condition, including repainting of the exterior of the buildings as necessary.
21. USE OF PREMISES (¶ 18): Lessee promises to obey the obligations and restrictions contained in the Declaration, By-laws, and Rules and Regulations.

22. SURRENDER (¶ 19): See Part I, paragraph 8 above.
23. DISPOSITION OF IMPROVEMENT (¶ 20): See Part I, paragraph 8 above.

MUTUAL COVENANTS (Section V)

24. CONDOMINIUM STATUS (¶ 21): The property which is leased is a part of a condominium project. Lessee shall be a member of the Association and promises to comply with all provisions of the Declaration and Bylaws. Lessee also promises to cause the Association to perform all of the provisions of the Declaration and Bylaws. The act of the Association in complying with a promise under the CCD will be considered as satisfying the Lessee's promise under the CCD.
25. CONDEMNATION (¶ 22): Taking of property by any governmental authority using the power of "eminent domain" is known as condemnation. If the condominium apartment or the condominium project, or any part thereof is condemned the following will occur:
 - a. Termination of Lease: The lease for the portion of the property that is taken, shall be terminated and both the Lessor and the Lessee are released from further obligations to each other for the property that is taken.
 - b. Payments: Any payments by the authority for taking of the land is payable to Lessor. Any payments by the authority for taking of the buildings or Improvements are payable to the Association for the benefit of all members of the Association.
 - c. Rent: If only a portion of the land is taken, and the remaining land is suitable for a condominium project, the total rent for the land will be pro rata reduced based on the amount of the land taken.
 - d. Partial condemnation: If only a portion of the condominium project is taken, and the remaining land is not suitable for a condominium project, the Association may remove the building, restore the

land to good condition, and surrender all CCDs for condominium apartments in the condominium project to the Lessor for cancellation. If Lessee's apartment is taken, and the remaining apartments are reconstituted as a condominium project, the Lessee may surrender the CCD to the Lessor for cancellation. All affected lessees must surrender their CCDs, and all mortgagees and/or lienholders must join in the surrender.

26. CASUALTY INSURANCE (¶ 23): Lessee, as a member of the Association, must obtain and keep in force fire insurance with endorsements for extended coverage, special extended coverage, vandalism, and flood, earthquake, and war risk insurance. Fire insurance with extended coverage protects the building against loss or damage due to fire and/or other hazards. The insurance must be sufficient to replace the building without deduction for depreciation. All insurance proceeds must be used by the Association to rebuild or repair the Improvements. Lessee agrees to pay Lessee's Pro Rata Share of any deficiency in such insurance proceeds.

Lessee may surrender the lease for cancellation if (1) during the last (10) years of the lease term, the building(s) are more than 50% destroyed or damaged and the insurance proceeds are insufficient to restore the building(s); or (2) rebuilding is prevented by existing laws and regulations. Lessee must have paid all rent and taxes owing. If it is not possible to restore the building, then all other lessees in that building must also surrender their leases for cancellation.

27. CONSENT TO MORTGAGE (¶ 24): The Lessee may mortgage the CCD, without the consent of the Lessor, to any bank, insurance company or other established lending institution. A copy of the executed mortgage must be delivered to Lessor. The lender may enforce its mortgage and acquire title in any lawful way. After the lender acquires title, it may sell and assign the apartment to anyone who promises to keep the agreements in the CCD. The lender must comply with the agreements in the CCD only while it owns or possesses the apartment.

28. NOTICE (¶ 25): All notices must be in writing and be delivered or sent by certified mail, return receipt requested to the party's last known address. The Lessor or the Lessee may change its address by sending written notice to the other party.
29. PROTECTION OF MORTGAGE (¶ 26): If Lessee mortgages the lease in accordance with the lease, the lender is given special rights. The Lessor agrees not to cancel the lease for any default by the Lessee if within 120 days after notice, the lender cures the default or promises to cure the default and takes action to obtain title to the lease and condominium apartment. The CCD may not be amended or surrendered without the mortgagee's written consent.
30. DEFAULT AND DEFEASANCE (¶ 27): The Lessor may cancel the lease and eject from the property the Lessee or any person claiming under the Lessee if: (1) Lessee fails to pay rent within ten (10) days after it is due, or (2) Lessee fails to keep any promise contained in the CCD for thirty (30) days after written notice of such failure, or (3) Lessee abandons the apartment, or the Lessee's interest in the land is seized by or assigned to a creditor for payment of debts. Lessor's reentry and taking possession of the apartment will not terminate the lease unless a written termination notice is given to Lessee. Lessee will not be responsible for the Association's default so long as Lessee exerts best efforts to have the Association cure its default and has paid Lessee's Pro Rata Share of the Common Expenses.
31. OPTION TO PURCHASE FEE (¶ 28): Lessor gives Lessee an option to purchase the fee simple interest in the land equal to Lessee's Common Interest, for the price of \$90,000.00 payable in one sum at closing. Lessee must be the owner of the apartment.
32. MISCELLANEOUS (¶ 29): The term "Fee Owner" (Lessor) includes Lessor's successors and assigns. The term "Apartment Owner" (Lessee) includes men or women, one or more persons, corporations, partnerships, associations, or other groups, and heirs or successors or permitted assigns. The term "lease" means the lease of the

undivided interest in the leased land. Lessor may accept rent without giving up any of its rights. If Lessor overlooks one breach of promise by Lessee, this does not mean the promise is no longer effective or that Lessor has given up its rights against Lessee. Lessor will not unreasonably withhold consent. The paragraph headings are for reference only and do not change the meaning of the content of any paragraph. Any notice provided to one Lessee is considered sufficient notice to all Lessees. This CCD contains the entire agreement of the Lessee and the Lessor with respect to the premises. This CCD may be only be amended in writing signed by both Lessee and Lessor. All time limits for action required under this lease must be strictly observed.

NOTES:

1. The apartment is only shown for information and identification. The apartment under a condominium conveyance document is not leased but conveyed in fee simple. See the glossary for an explanation of a CCD.

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EXHIBIT "C"

SPECIAL USE RESTRICTIONS

NOTE: The following are only some of the special use restrictions contained in the By-Laws and House Rules for the project. The following are only "special" use restrictions. The By-Laws and House Rules contain other use restrictions reasonably appropriate for the common enjoyment of the project. The following is not an exhaustive or exclusive list of restrictions. For the exact nature of the restrictions, the buyer should read the By-Laws and House Rules in their entirety.

The House Rules contain the following special use restrictions regarding pets, number of occupants, and short term rentals.

Number of Occupants.

Occupancy is limited to five (5) persons per two-bedroom apartment.

Pets.

Not more than one (1) pet may be kept in any apartment except that such limitation shall not apply to fish.

Only cats, fish and small birds may be kept as pets in the apartment. The keeping of dogs is not allowed.

Pets shall be confined to their respective apartments except while in transit.

Pets shall not be kept, bred or used for any commercial purpose.

Pets are to be carried or on a leash while in common areas.

No pets belonging to visitors shall be allowed on the premises.

Pets shall be walked only off the premises of the project.

Pet owners shall be responsible for cleaning up after their animals.

Pet owners shall indemnify the Association and hold it harmless against any loss or liability of any kind arising from their pet(s).

Any pet which is a nuisance or causes unreasonable disturbance to any occupant or causes damage to any part of the project and/or grounds shall be removed from the premises by the Owner promptly upon written request by the Board.

Rentals.

Owner-occupants, non-resident owners, or agents who rent, loan or otherwise permit occupancy of their apartments, shall furnish a copy of the House Rules to their occupants. The Owner shall assume responsibility for the actions or omissions of his agent or the occupant of the apartment.

In no case shall an apartment be leased or rented for a period of less than ninety (90) days.

The Owner must notify the Manager of the names and anticipated length of occupancy of lessees or renters prior to permitting such occupancy, and license number(s) of their vehicles.

An Apartment Owner shall be responsible for the conduct of his or her lessee(s), renter(s) or guest(s). An Owner shall, upon request of the Board or Managing Agent, immediately abate and remove, at his or her expense, any person, structure, thing or condition that may exist with regard to the occupancy of his or her apartment by his or her lessee(s), renter(s) or guest(s) contrary to the interest and meaning of the provisions hereof; or if the Apartment Owner is unable to control the conduct of the lessee(s), renter(s) or guest(s) to conform with the interest and meaning of the provisions hereof, he or she shall, upon request of the Board or Managing Agent immediately remove such lessee(s), renter(s) or guest(s) from the premises, without any compensation for lost rentals or any other damage resulting therefrom. In-house guests must register with the Manager as soon as possible.

Signs, including "For Sale," "For Rent," or "Open House" will be strictly regulated, on policy approved by the Board and administered by the Manager.

Owners shall be responsible for designating a local agent to represent their interest if their residence is off island or (in the case of Owner-Occupants) if they will be absent from the apartment for more than 3 days. Such Owners shall file with the Board their out-of-town address and telephone number and the name and telephone number of their agent.

EXHIBIT "D"

BOUNDARIES OF EACH APARTMENT (UNIT).

Each Apartment consists of that portion of the building containing the Apartment which lies within the boundaries of the Apartment as shown on said Condominium Map, exclusive of any stairways, interior or exterior loadbearing walls and pillars, and any existing and future pipes, wires, conduits, ducts, vents and other service and utility lines, spaces or equipment which are utilized for or serve more than one Apartment or the common areas. The Apartment shall be considered to include any door, window, or other closure therein, and the boundary shall be the unfinished surface of the walls on the side of the Apartment, to the effect that the Apartment shall include the paint, enamel, stain, wallpaper, carpet, tile or other finishings on such surface(s). The respective Apartments shall not be deemed to include the unfinished surfaces of the perimeter or party walls and interior load-bearing walls, the floors and ceilings surrounding each Apartment or any pipes, wires, conduits or other utility or service lines, spaces or equipment running through such Apartment, which are utilized for or serve more than one Apartment or the common elements, the same being deemed common elements as hereinafter provided. Each Apartment shall be deemed to include all the walls and partitions that are not load-bearing within its perimeter or party walls, and all fixtures installed therein. The horizontal boundaries of each Apartment shall be the unfinished surface of the top of the concrete floor and the unfinished surface of the bottom of the concrete ceiling. Where an Apartment consists in whole or in part of unenclosed space, the boundary defining such space is the boundary as shown on said Condominium Map. The Apartment shall be deemed to include the lanai, provided that the boundary of the lanai shall be the unfinished surface of the lanai floor on the side of the lanai, and the finished surface of the walls, ceiling and rails of the lanai, to the effect that the Apartment shall include the tile, carpet, or other finishing on the lanai floor (but not the paint or other finishings on the walls, ceiling or rails), and shall not be deemed to include the perimeter or party walls (full or partial height), load-bearing walls, or floors and ceiling surrounding each lanai, or any pipes, wires, conduits or other utility or service lines, spaces or equipment running through the lanai which are utilized for or serve more than one Apartment or the common elements, the same being deemed common elements as hereinafter provided.

EXHIBIT "E"

PERMITTED ALTERATIONS TO APARTMENTS

Alterations or additions of a non-structural nature within an Apartment (as long as such alteration or addition is not visible from the exterior of the building or the Apartment, does not affect the elevation drawings of the building, does not increase or decrease the area of the Apartment, and does not affect the structural integrity of the building) shall require only the vote or consent thereto, by the owner(s) owning not less than seventy-five percent (75%) of the interest in each Apartment affected thereby, provided further, however, that in the event and to the extent the layout or description of the Apartment is changed from that described in this Declaration or as depicted on the Condominium Map, an amendment to this Declaration, or Condominium Map, or both, shall be duly executed and filed or recorded. The owner(s) desiring to make such change(s) shall provide plans and specifications to the Association so the Association may approve it if it does not endanger or affect any other Apartment or common element, and meets the aforesaid conditions. Owners who do any of the foregoing shall do so entirely at their own risk, cost and expense and shall be solely responsible for all permits, governmental approvals and other requirements of such alteration.

EXHIBIT "F"

ADDITIONAL INFORMATION REGARDING PARKING STALLS

There are twenty-one (21) Parking Stalls on the lower level (basement) of the Project. There are twenty-seven (27) Parking Stalls on the first floor of the Project. The Parking Stalls are identified by numbering from 1 to 48. Parking Stall Nos. 1, 19, 20, 21, 23, 27, 44, 46 and 48 are "compact" parking stalls, as defined by the Land Use Ordinance presently in effect for the City & County of Honolulu. Parking Stall Nos. 18 & 46, 19 & 47, and 20 & 48, are "tandem" parking stalls. The following parking stalls are uncovered: Stall Nos. 13, 14, 15, 16, 17 and 24. The following parking stalls are partially covered: Stall Nos. 1 through 12 (inclusive). The remainder of the parking stalls are covered. Note that the dimensions for the parking stalls contained on the Condominium Map include areas which may be used by pillars. Therefore, the full width of some parking stalls may not be as wide (at the places where the pillar(s) intrude into the parking stalls) as shown on the Condominium Map. Buyers are urged to physically inspect each parking stall to determine if any pillar(s) intrude therein, how much of the stall (if any) is covered, and if the parking stall is otherwise suitable for the vehicle(s) of the buyer.

EXHIBIT "G"

COMMON ELEMENTS

- A. The land submitted to the condominium property regime;
- B. The foundations, pillars, columns, girders, beams, supports, main walls, load-bearing walls and pillars, and floors;
- C. The corridors, hallways, walkways, driveways, stairs and stairways, ramps and Parking Stalls;
- D. Foyer and lobby, entrances and exits to the building, walkways and sidewalks on or adjacent to the Project;
- E. Electrical equipment and electrical room, elevator equipment and elevator equipment room, central air conditioning, common water heater, all of which serve the building as a whole;
- F. Lines, pipes, ducts, wires, vents, equipment, fixtures and appurtenant installations for services such as air conditioning, electricity, light, hot and cold water, sewage, and utilities which serve the building as a whole;
- G. Landscaped areas, exterior gate(s) or door(s), intercom, mailboxes, trash enclosure and chutes and appurtenant equipment, private park area(s);
- H. The roof and appurtenant installations;
- I. All other parts of the Property existing for the common use or necessary to the existence, maintenance, or safety of the building or the Project.

EXHIBIT "H"

LIMITED COMMON ELEMENTS

A. Each Apartment shall have appurtenant thereto the exclusive right to use, occupy and enjoy one or more Parking Stall(s). The Parking Stalls which are limited common elements and the respective Apartments to which they are appurtenant are as follows:

<u>Parking Stall No.</u>	<u>Apt. No.</u>	<u>Parking Stall No.</u>	<u>Apt. No.</u>
2	401	27	PH-1
3	401	28	902
4	502	29	902
5	501	30	801
6	501	31	801
7	402	32	802
8	402	33	802
9	301	34	701
10	301	35	701
11	302	36	601
12	302	37	702
13	201	38	702
14	201	39	901
16	202	40	901
17	202	41	601
18	602	42	PH-2
22	502	43	PH-2
25	PH-1	44	PH-2
26	PH-1	45	602

B. Each Apartment shall have appurtenant thereto the exclusive right to use the mailbox assigned to said Apartment.

EXHIBIT "I"

COMMON INTERESTS

The percentage of undivided interest in the common elements appertaining to each Apartment is as follows:

<u>APARTMENT NUMBER</u>	<u>APPROXIMATE AREA</u>	<u>PERCENTAGE OF UNDIVIDED INTEREST IN COMMON ELEMENTS</u>
201	1,278 square feet	5.55%
202	1,278 square feet	5.55%
301	1,278 square feet	5.55%
302	1,278 square feet	5.55%
401	1,278 square feet	5.55%
402	1,278 square feet	5.55%
501	1,278 square feet	5.55%
502	1,278 square feet	5.55%
601	1,278 square feet	5.55%
602	1,278 square feet	5.55%
701	1,278 square feet	5.55%
702	1,278 square feet	5.55%
801	1,278 square feet	5.55%
802	1,278 square feet	5.55%
901	1,278 square feet	5.55%
902	1,278 square feet	5.55%
PH-1	1,278 square feet	5.60%
PH-2	1,278 square feet	5.60%
		<u>100.00%</u>

For purposes of voting on all matters requiring action by the owners and for purposes of allocation of common expenses, the above percentages shall govern.

The method or formula used in computing the percentage of common interest was to derive a fraction, the numerator of which was one, the denominator of which was eighteen (the total number of Apartments). (The foregoing was arbitrarily rounded up to the nearest tenth of a percent for PH-1 and PH-2 to cause the total

percentage to equal 100%).

Provided, that in the case of limited common elements, the cost of all utilities, maintenance, repairs and replacement and/or improvements to limited common elements and all costs associated therewith shall be charged to and assessed against the owner(s) of the Apartment(s) to which they are appurtenant.

EXHIBIT "J"

ENCUMBRANCES ON TITLE

1. Current, non-delinquent real property taxes.
2. Title to all mineral and metallic mines reserved to the State of Hawaii.
3. As To Parcel Second:
 - (a) Terms, covenants and conditions of the unrecorded Self-Trusteed Trust dated November 23, 1981, executed by Gerald Fumio Oki, as Settlor.
 - (b) Mortgage, Security Agreement and Financing Statement dated August 12, 1988, in favor of First Interstate Bank of Hawaii, recorded in the Bureau of Conveyances at Book 22242, Page 746, amended by instruments dated July 10, 1989, effective February 1, 1989, recorded at Book 23394, Page 441, and dated February 23, 1990, effective February 1, 1990, recorded in the Bureau of Conveyances as Document No. 90-31821.
4. Mechanics' lien filed in the Circuit Court of the First Circuit M.L. No. 90-47, Benjamin T. Torigoe, AIA Architects v. WCW Corporation, a Hawaii corporation, RH Construction, Inc., a Hawaii corporation, and L & M Architects, Inc., a Hawaii corporation.
5. Covenants, conditions, restrictions, reservations, easements, liens for assessments, options, powers of attorney, limitations on title and all other provisions contained in or incorporated by reference in the Declaration of Horizontal Property Regime dated July 9, 1990, recorded in the Bureau of Conveyances as Document No. 90-119450, (BY-Laws thereto dated July 30, 1990, recorded in the Bureau of Conveyances as Document No. 90-119451), Condominium Map No. 1359, any instrument creating the estate or interest herein set forth, and in any other allied instrument referred to in any of the instruments aforesaid.
6. Declaration of Private Covenants (Private Park) dated _____, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. _____. Note: This Declaration is not recorded at this time but will be recorded at or prior to the recordation of conveyance documents for this project. A copy of this Declaration is available for inspection at the office of the Developer.

EXHIBIT "K"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
01 Units (2nd - 9th Floors)	\$ <u>222</u>	\$ <u>2,664</u>
02 Units (2nd - 9th Floors)	\$ <u>222</u>	\$ <u>2,664</u>
Unit PH-1	\$ <u>224</u>	\$ <u>2,688</u>
Unit PH-2	\$ <u>224</u>	\$ <u>2,688</u>

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

common elements only

\$2,000

\$24,000

common elements
and apartments

Gas

Refuse Collection

100

1,200

Telephone

Water and Sewer

700

8,400

Maintenance, Repairs and Supplies

Building

Grounds

100

1,200

Management

Management Fee

500

6,000

Payroll and Payroll Taxes

Office Expenses

Insurance

400

4,800

Reserves

100

1,200

Taxes and Government Assessments

Audit Fees

Other

100

1,200

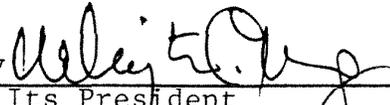
\$4,000

\$48,000

TOTAL

I/We, WCW CORPORATION, the Developer of the ~~managing agents for the~~ condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles. xas

WCW CORPORATION

By 
Its President

Date: Aug. 10, 1990

EXHIBIT "L"

DEVELOPER'S DISCLAIMER OF WARRANTIES

The construction contract which the Developer has with the contractor for the Project contains in the "General Conditions of the Contract for Construction" the following provisions regarding warranties which the contractor makes to the Developer:

"3.5.1. The Contractor warrants to the Owner and the Architect that all materials and equipment furnished under the Contract will be of good quality and new unless otherwise required or permitted by the Contract Documents, that the work will be free from defects not inherent in the quality required or permitted, and that the Work will conform with the requirements of the Contract Documents. Work not conforming to these requirements including substitutions not properly approved and authorized, may be considered defective. The Contractor's warranty excludes remedy for damage or defect caused by abuse, modification not executed by the Contractor, improper or insufficient maintenance, improper operation, or normal wear and tear under normal usage. If required by the Architect, the Contractor shall furnish satisfactory evidence as to the kind and quality of materials and equipment."

"12.2.2. If, within one year after the Date of Substantial Completion of the Work or designated portion thereof or after the date for commencement of warranties established under Subparagraph 9.9.1, or by items of an applicable special warranty required by the Contract Documents, any of the Work is found to be not in accordance with the requirements of the Contract Documents, the Contractor shall correct it promptly after receipt of written notice from the Owner to do so unless the Owner has previously given the Contractor a written acceptance of such condition. This period of one year shall be extended with respect to portions of Work first performed after Substantial Completion by the period of time between Substantial Completion and the actual performance of the Work. This obligation under this Subparagraph 12.2.2 shall survive acceptance of the Work under the Contract and termination of the Contract. The Owner shall give such notice promptly after discovery of the condition."

"9.8.1. Substantial Completion is the stage in the progress of the Work when the Work or designated portion thereof is sufficiently complete in accordance with the Contract Documents so the Owner can occupy or utilize the Work for its intended use."

"9.8.2. When the Contractor considers that the Work, or a portion thereof which the Owner agrees to accept separately, is substantially complete, the Contractor shall prepare and

submit to the Architect a comprehensive list of items to be completed or corrected. The Contractor shall proceed promptly to complete and correct items on the list. Failure to include an item on such list does not alter the responsibility of the Contractor to complete all Work in accordance with the Contract Documents. Upon receipt of the Contractor's list, the Architect will make an inspection to determine whether the Work or designated portion thereof is substantially complete. If the Architect's inspection discloses any item, whether or not included on the Contractor's list, which is not in accordance with the requirements of the Contract Documents, the Contractor shall, before issuance of the Certificate of Substantial Completion, complete or correct such item upon notification by the Architect. The Contractor shall then submit a request for another inspection by the Architect to determine Substantial Completion. When the Work or designated portion thereof is substantially complete, the Architect will prepare a Certificate of Substantial Completion which shall establish the date of Substantial Completion, shall establish responsibilities of the Owner and Contractor for security, maintenance, heat, utilities, damage to the Work and insurance, and shall fix the time within which the Contractor shall finish all items on the list accompanying the Certificate. Warranties required by the Contract Documents shall commence on the date of Substantial Completion of the Work or designated portion thereof unless otherwise provided in the Certificate of Substantial Completion. The Certificate of Substantial Completion shall be submitted to the Owner and Contractor for their written acceptance of responsibility assigned to them in such Certificate."

The Developer (who is identified in the construction contract as the Owner) shall endeavor to assign to purchasers of units in the project the benefit of the foregoing warranties of the contractor, to the extent assignable.

The appliances installed in the Units in the Project carry limited warranties from the manufacturers of the respective appliances that the appliances are free of defects in materials and workmanship for specified time(s) from the date of purchase or installation. The limited warranties are made by each manufacturer in favor of the Developer. The limited warranty materials with respect to each appliance are available for inspection at the office of the Developer. The Developer will endeavor to assign what right and interest it has in the limited manufacturers' warranties described above to the buyer(s) of each respective Unit in the Project, to the extent assignable. Because the appliance warranties commence from date of installation, not the date a buyer purchases the apartment, a substantial portion of the warranty period for some or all of the appliances may have been expired when buyer purchases the apartment.

NOTICE: Developer does not adopt the contractor's or appliance manufacturers' warranties and Developer is not acting

as warrantor or co-warrantor. Except to assign (to the extent assignable) the benefit of the contractor's and appliance manufacturers' warranty as set forth above, THE DEVELOPER ITSELF MAKES NO WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, DOES NOT UNDERTAKE, MAKE OR GIVE ANY OF THE CONTRACTOR'S OR APPLIANCE MANUFACTURERS' WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF WORKMANSHIP, MATERIALS OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR USE.

EXHIBIT "M"

SUMMARY OF SALES CONTRACT

CONDOMINIUM DEPOSIT RECEIPT AND SALES CONTRACT.

A. The terms "Seller", "Purchaser", "Unit", "Project", "Closing Date", and "Escrow" are defined in this section of the Sales Contract.

B. The Purchaser agrees to buy the Unit, and the price and terms of the Sales Contract are specified in this section.

C. This section of the Sales Contract specifies that Purchaser will pay the Total Purchase Price in accordance with a schedule established in the Sales Contract, and that Purchaser will pay other costs, for various items and services, as specified in the Sales Contract, in connection with the purchase.

D. This section of the Sales Contract establishes the type of tenancy that title will be taken by Purchaser, and contains other information on the Purchaser.

E. This section of the Sales Contract establishes that Seller and Purchaser agree that the additional terms, conditions, and agreements which are attached to the Sales Contract are incorporated into the Sales Contract.

F. This section of the Sales Contract establishes that Purchaser acknowledges the receipt, reading, and understanding of the preliminary, final or supplemental public report, as the case may be, for the Project, issued by the Hawaii Real Estate Commission.

ADDITIONAL TERMS, CONDITIONS, AND AGREEMENTS

1. This section specifies that all interest earned from any deposits made by Purchaser under this Contract shall be credited to, and belong to, Seller.

2. This section establishes that Purchaser is responsible for Purchaser's financing, if any, that the Seller will not arrange for financing, that if Purchaser's financing is not approved within 90 days Seller may cancel the Sales Contract, and that if Purchaser is an "owner-occupant" under Hawaii statute, the Sales Contract can be cancelled if Purchaser does not obtain financing as described in the statute.

3. This section establishes that if Purchaser elects to purchase in cash (without financing) Seller may make credit inquiries about Purchaser and Seller may cancel the Sales Contract if there are discrepancies or if Seller is not satisfied

that Purchaser has the ability to purchase.

4. This section establishes that moneys will be handled by escrow and that the Purchaser has inspected and approves of the escrow arrangement. This section also establishes that the Purchaser approves of the disbursements of Purchaser's funds from escrow for construction and other purposes in connection with the project.

5. This section provides that if Seller elects to preclose, Purchaser will sign all necessary documents, but that Purchaser will have no duties, obligations, or interest in the Unit until Seller gives Purchaser possession of the Unit.

6. This section establishes that Purchaser has inspected and accepts the plans and specifications for the Project, and other documents, and that Purchaser has read and understands the Public Report for this Project. Additionally, this section establishes that Purchaser agrees that the sale is subject to all of the Contract documents, and that Purchaser agrees to observe and perform all of the terms and conditions of those and other documents and materials.

This section also establishes that Seller reserves the right to make minor changes that may improve the Project, and it specifies the limitations of such changes.

This section also establishes that the maintenance budget contained in the Developer's Disclosure Abstract is only an estimate, that Purchaser acknowledges such, that no representation or warranty of accuracy is made, and that Purchaser specifically authorizes and agrees to increases in those amounts.

This section also authorizes Seller to make changes to the documents and Project, as may be required by law, by unforeseen circumstances, any title insurance company, mortgage lender or governmental agency, and provides the limitations of any such modifications.

7. This section establishes that Seller is the owner of the Unit and any other property interest covered by the Contract until such time that risk of loss passes to Purchaser.

8. This section establishes that time is of the essence in this Contract, and specifies procedures, deadlines for action by Purchaser, and remedies available to Seller if Purchaser fails to pay or perform any obligations.

9. This section specifies the parties responsible for payment of closing, escrow and conveyance expenses.

10. This section establishes that Seller may employ the first managing agent of the Project, in accordance with State

law.

11. This section specifies that Seller shall designate the Closing Date, and notification of Purchaser for closing.

12. This section specifies the provisions of possession, occupancy and release of the Unit keys to Purchaser.

13. This section establishes that Seller may exercise all powers of the Association of Owners, the Board of Directors, and officers of the Association of Owners, until the election of the Board and officers.

14. This section establishes that if a Final Public Report has not been issued by the Real Estate Commission at the time that this Contract is signed by Purchaser, Purchaser shall have the option to terminate this Contract as is allowed by State law, and establishes the procedures and rights of the parties.

15. This section establishes that until the Unit Deed in favor of Purchaser is recorded, all of the rights of Purchaser under the Contract are and shall be junior to any mortgages and other contracts for construction of the Project.

16. This section establishes the manner in which effective notice may be given to Seller or Purchaser.

17. This section provides that the Seller will try to transfer (to the extent possible) any contractor's or appliance manufacturers' warranties to the Purchaser but that the Seller does not make any warranties of its own and contains a disclaimer (denial) of warranty by the Seller. This section also provides that, if Seller provides an inspection checklist to Purchaser, Purchaser must list all claimed defects in or damage to the Unit or contents, and that Purchaser waives (gives up and releases) any claim for any defect or damage if Purchaser fails to complete the inspection checklist, and that Purchaser waives (gives up and releases) any claim for any defect or damage not listed on the inspection checklist.

18. This section provides that the Total Purchase Price may be increased by Seller, and establishes the terms and procedures by which the Contract can be amended or cancelled.

19. This section provides that the Declaration for the Project contains reservations of certain rights and certain other conditions to which Purchaser consents.

20. This section provides that the Contract constitutes the entire agreement between Purchaser and Seller, that all prior representations are not valid, and that no modification of the Contract shall be valid unless approved in writing by Purchaser and Seller.

EXHIBIT "N"

SUMMARY OF ESCROW AGREEMENT

The parties to the Escrow Agreement are Long & Melone Escrow, Ltd., ("Escrow"), and WCW Corporation ("Seller").

1. This section of the Escrow Agreement specifies that all monies received by Seller from Purchasers shall be transmitted to escrow.

2. This section of the Escrow Agreement specifies that all monies received by Escrow shall be held under the terms of the Escrow Agreement and that upon notice from Seller, Escrow shall give notice to Purchasers that payments are due.

3. This section describes the circumstances under which a purchaser may be entitled to a refund, and the costs, terms and conditions of such a refund.

4. This section of the Escrow Agreement establishes the requirements prior to disbursement of purchasers' funds.

5. This section of the Escrow Agreement specifies that disbursement of purchasers' funds for construction costs and other costs connected with the project can be made without the requirements of Section 4. being met.

6. This section of the Escrow Agreement provides that upon notification by Seller that a Purchaser is in default and that Seller has terminated the Sales Contract, the purchaser's funds belong to Seller and will be disbursed to Seller.

7. This section specifies that Escrow shall be relieved from liability for a variety of specified actions, and establishes procedures to resolve disputes which may arise.

8. This section establishes compensation to Escrow for its services.

9. This section specifies the duties of Escrow and the services to be provided.

10. This section specifies the way in which the Escrow Agreement can be terminated.

11. This section specifies that the Escrow Agreement applies to Seller and Escrow, and their successors.

21. This section provides that Purchaser agrees to pay reasonable attorney's fees and costs incurred by Seller to enforce the Sales Contract.

22. This section provides that Purchaser's interests under the Contract are not assignable except through survivorship or inheritance.

23. This section establishes that the terms and conditions of the Contract can be separated so if some are not enforceable, the remainder will be.

24. This section provides general definitions and provisions of the Contract.

25. This section provides that if completion of the Project is determined by Seller not to be feasible for certain reasons, Seller may elect not to complete the Project and may cancel the Contract. This section also establishes the procedures and rights of parties in this situation.

26. This section makes certain disclosures as to the real state agents or brokers.

27. This section advises the Buyer that a Declaration of Restrictive Covenants (Private Park) is required by the City and County and will be recorded affecting the project.

28. This section provides that, if Purchaser is purchasing in leasehold, Seller will provide Purchaser certain information about the lease.