CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Waldron Ventures
Address 1133 Waimanu Street, No. 2800, Honolulu, HI 96814

Project Name(*): 1448 YOUNG ST
Address: 1448 Young Street, Honolulu, HI 96814

Registration No. 3952

Effective date: February 5, 1999
Expiration date: March 5, 2000

Preparation of this Report:

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

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

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

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

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

Type of Report:

___	**PRELIMINARY**: (yellow)	The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.
X	**FINAL**: (white)	The developer has legally created a condominium and has filed complete information with the Commission. [ ] No prior reports have been issued. [X] This report supersedes all prior public reports. [ ] This report must be read together with _____
___	**SUPPLEMENTARY**: (pink)	This report updates information contained in the: [ ] Preliminary Public Report dated: _____ [ ] Final Public Report dated: _____ [ ] Supplementary Public Report dated: _____ And [ ] Supersedes all prior public reports. [ ] Must be read together with _____ [ ] This report reactivates the _____ public report(s) which expired on _____

(*) Exactly as named in the Declaration

FORM: RECO-30 286/986/189/1190/892/0197

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

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

[X] Changes made are as follows:

1. City Properties, Inc. was selected as Managing Agent.
2. Additional disclosures were made on page 20 and 20a attached hereto.
3. Certain non-material corrections and clarifications were made.
4. The Declaration, Bylaws and Condominium Map have been finalized and filed with the office of the Assistant Registrar of the Land Court of the State of Hawaii.
5. House Rules have been adopted.
6. The Reciprocal Easement Agreement and the Master Lease were amended.
7. Construction of the project was commenced in July, 1998.

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

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

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

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

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

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

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Waldron Ventures
Name
1133 Waimanu St., No. 2800
Business Address
Honolulu, HI 96814

Phone: (808) 592-0440
(Business)

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

C.J.K. Business Development Corporation
General Partner
Michael M. Kimura, President
Carol J. Kimura, Vice President
Secretary & Treasurer

Marshall Affordables Business Development Corporation
General Partner
Marshall W. Hung, President, Secretary and Treasurer
Robert A.H. Hung, Vice President

Real Estate Broker: Concepts Unlimited, Inc.
Name dba ERA Concepts Unlimited
98-211 Pali Momi St., Suite 405
Business Address
Aiea, HI 96701

Phone: (808) 487-7237
(Business)

Escrow: Title Guaranty Escrow Services, Inc.
Name
235 Queen St., 1st Floor
Business Address
Honolulu, HI 96813

Phone: (808) 521-0211
(Business)

General Contractor: Hawaiian Dredging Construction
Name Company
614 Kapahulu Avenue
Business Address
Honolulu, HI 96815

Phone: (808) 735-3211
(Business)

Condominium Managing Agent: City Properties, Inc.
Name
1570 Liliha Street, Suite 711
Business Address
Honolulu, HI 96817

Phone: (808) 524-1455
(Business)

Attorney for Developer: Chun, Kerr, Dodd, Beaman & Wong
Name Hawaii Building
745 Fort Street, 9th Floor
Business Address
Honolulu, HI 96813
Attn: Andrew R. Bunn, Esq.

Phone: (808) 528-8200
(Business)

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. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

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

The Declaration for this condominium is:

[ ] Proposed
[ ] Recorded - Bureau of Conveyances: Document No._____
Book _____ Page _____
[X] Filed - Land Court: Document No. 2511798

The Declaration referred to above has been amended by the following instruments [state name of document, date 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 Conveyances Condo Map No. _____
[X] Filed - Land Court Condo Map No. 1281

The Condominium Map has been amended by the following instruments [state name of document, date 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 manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

[ ] Proposed
[ ] Recorded - Bureau of Conveyances: Document No._____
Book _____ Page _____
[X] Filed - Land Court: Document No. 2511799

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

D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

[ ] Proposed [X] 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:

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%	75%
Bylaws	65%	65%
House Rules	---	Majority of Board of Directors

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

2. Developer:

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

[X] Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

See Exhibit A.

III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

[ ] Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

[ ] Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

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

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

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

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

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

For Sub-leaseholds:

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

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

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

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

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

Lease Term Expires: 65 years* Rent Renegotiation Date(s): 30 years, 40 years, 50 years, and 60 years after certificate of occupancy is issued, respectively.

Lease Rent Payable: [X] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

There will be no lease rent payable for the first 30 years of the term of the lease.

*after the certificate of occupancy is issued.

[ ] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: 1448 Young St
Honolulu, HI 96814

Tax Map Key (TMK): (1) 2-4-005: 31

[ ] Address [ ] TMK is expected to change because _____

Land Area: 54,081 [X] square feet [ ] acre(s)

Zoning: BMX-3 (Commercial Business Mixed Use)

Fee Owner: City and County of Honolulu
Name
Honolulu Hale
Address
530 South King Street
Honolulu, HI 96813

Lessor: Same
Name

Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 2 Floors Per Building Residential Tower: 17
Parking Structure: 7

[X] Exhibit C contains further explanations.

3. Principal Construction Material:

[X] Concrete [ ] Hollow Tile [ ] Wood

[X] Other Masonry, Glass, Steel, Aluminum and appropriate trim.

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
[X] Residential	200	[X] Yes [ ] No	[ ] Ohana		[ ] Yes [ ] No
[X] Commercial	2	[X] Yes [ ] No	[ ] Industrial		[ ] Yes [ ] No
[ ] Mix Res/Comm		[ ] Yes [ ] No	[ ] Agricultural		[ ] Yes [ ] No
[ ] Hotel		[ ] Yes [ ] No	[ ] Recreational		[ ] Yes [ ] No
[ ] Timeshare		[ ] Yes [ ] No	[ ] Other:		[ ] Yes [ ] No

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

5. Special Use Restrictions:

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

[X] Pets: No pets allowed in any apartment or any other part of the project.
(Restriction found in House Rules and Bylaws.)
[X] Number of Occupants: See Exhibit D.

[X] Other: See Exhibit D, especially as to effect on maintenance fees.
See, also, House Rules.
[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 3 Stairways: 2 Trash Chutes: 1

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
Res	10	3/2			
Res	6	2/2	See Exhibit C for details.		
Res	89	2/1			
Res	62	1/1			
Res	33	Studio			
Comm	2				

Total Number of Apartments: 202

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

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

Boundaries of Each Apartment: See Exhibit E.

Permitted Alterations to Apartments: See Exhibit F.

7. Parking Stalls:

Total Parking Stalls: 228 physically located on the project.1/

	Regular 2/		Compact		Tandem		
	Covered	Open	Covered	Open	Covered	Open	TOTAL
Assigned (for each unit)							
Guest		11		3			14
Unassigned	59	10	40	7	40 3/	9 3/	214
Extra for Purchase							
Other:							
Total Covered & Open:	80		50		49 3/		228

Each apartment will have the non-exclusive use of at least 1 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

[X] Commercial parking garage permitted in condominium project.

[X] Exhibit G 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 [X] Recreation Area

[ ] Laundry Area [ ] Tennis Court [X] Trash Chute/Enclosure(s)

[ ] Other: _____

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

[X] There are no violations. [ ] Violations will not be cured.

[ ] Violations and cost to cure are listed below: [ ] Violations will be cured by _____ (Date).

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

1/ For further information see Exhibit G.
2/ Stalls designated as handicapped stalls are counted as regular stalls herein.
3/ Each tandem stall contains one compact stall and one regular stall.

11. Conformance to Present Zoning Code

a. [X] 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.

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

[X] described in Exhibit H.

[ ] as follows:

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* This Project is being developed pursuant to Section 46-15.1 and Chapter 201E, Hawaii Revised Statutes, which permits the developer certain exemptions from zoning requirements as are set forth in the resolutions of the City Council of the City and County of Honolulu approving this Project. These regulations were approved on December 4, 1996, as Resolution 311 CD1, and December 18, 1996, as Resolution 310 CDI FD1.

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.

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

[X] described in Exhibit H.

[ ] as follows:

Note: Unlike most residential condominium projects, specific parking stalls will not be appurtenant to apartments as limited common elements.

See Exhibit G (Parking Information) and the House Rules for more information on parking.

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

[X] described in Exhibit E and H

[ ] as follows:

E. **Encumbrances Against Title:** An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit I describes the encumbrances against the title contained in the title report dated November 13, 1998 and issued by Title Guaranty of Hawaii, Incorporated.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of 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.

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

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

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage lien(s) of Developer's Lender(s)	Buyer's interest is specifically made subject and subordinate to such liens. The Buyer's contract may be canceled and the Buyer may lose all rights to acquire the unit. Buyer's deposit, less escrow cancellation fee, will be returned if default and foreclosure occur before conveyance. However, should the Buyer's deposit be disbursed by Escrow and the lien be foreclosed prior to conveyance to Buyer, Buyer may not be able to recover any deposits.

NOTE: At the time of the first conveyance of each apartment, each of Developer's lender(s)' lien(s) will be paid and satisfied of record, or the apartment being conveyed and its common interest shall be released therefrom.

F. **Construction Warranties:**

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

1. Building and Other Improvements: See Exhibit J

2. Appliances: See Exhibit J

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

Construction was commenced in June 1, 1998. The estimated completion of the Project is July 31, 1999. Certain portions of the common area landscaping will not be completed until approximately late August of 1999.

H. **Project Phases:**

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

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

Waldron Ventures is developing the Project pursuant to the City and County of Honolulu's selection of Waldron Ventures as developer for the Pawaa Redevelopment Project, of which this Project is a part. Waldron Ventures and the City have entered into a Development Agreement dated March 12, 1997, for the development of the Land, on which the Project is located, and an adjoining parcel of land more particularly described in Exhibit B attached to the Declaration ("the Adjoining Property"), on which another residential tower having 246 residential apartments and 1 commercial apartment has been developed. While there will be no additions, mergers, or phasing in the Project, the Project will jointly use its grounds and the Parking Structure with the Adjoining Property for the benefit of both the Project and the Adjoining Property.

IV. CONDOMINIUM MANAGEMENT

A. **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 condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium 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 condominium managing agent for this project, named on page five (5) of this report, is:

[X] not affiliated with the Developer
[ ] self-managed by the Association of Apartment Owners
[ ] the Developer or the Developer's affiliate.
[ ] Other: _____

B. **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, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

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

Exhibit K contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. **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:

[ ] None [X] Electricity (X Common Elements only _____ Common Elements & Apartments)
[ ] Gas (_____ Common Elements only _____ Common Elements & Apartments)
[X] Water [X] Sewer [ ] Television Cable
[X] Other Refuse collection and telephone for common elements only and elevator service.

Each apartment owner will be individually responsible for paying the fees and charges for the electricity, telephone and cable television services to such owner's apartment.

V. MISCELLANEOUS

A. **Sales Documents Filed With the Real Estate Commission:**

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

[ ] Notice to Owner Occupants

[X] Specimen Sales Contract
Exhibit L contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated May 14, 1998
Exhibit M contains a summary of the pertinent provisions of the escrow agreement.

[ ] Other _____

B. **Buyer's Right to Cancel Sales Contract:**

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

   A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
   B) Declaration of Condominium Property Regime, as amended.
   C) Bylaws of the Association of Apartment Owners, as amended.
   D) House Rules, XXXX
   E) Condominium Map, as amended.
   F) Escrow Agreement.
   G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
   H) Other The Joint Development Agreement and The Reciprocal Easement Agreement

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 Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 3952 filed with the Real Estate Commission on May 15, 1998

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C. Additional Information Not Covered Above

1. Additional Reserved Rights of Developer are set forth in Exhibit N attached hereto.

2. This Project is subject to certain restrictions imposed by the City and County of Honolulu requiring, among other things, that each apartment owner also be the occupant of such owner's apartment. These restrictions grant the City and County of Honolulu the right to repurchase the apartment in the event the owner occupancy requirement is violated or in the event an apartment owner desires to sell or transfer the apartment. These restrictions are more particularly set forth in Exhibit O attached hereto and will be conditions of the original condominium conveyance document.

3. There will be no screens on windows above the 6th Floor of the Residential Tower.

4. The water heaters for unit types A, B, C, C-1, C-2, A-1 and B-1 as shown on the Condominium Map shall have water heaters located outside of the unit in a closet accessed from the common hallway. All other residential units will have water heaters within each unit.

5. The Parking Structure will be connected to the Residential Tower by a covered walkway.

6. Developer intends to enter into a five (5) year cable television contract with Oceanic Cable, which contract may be terminated at any time by the Association by sixty (60) days written notice. There will be two (2) five (5) year options to extend the contract. If the Association terminates the contract within the first five years, the Association will be liable to Oceanic Cable for early termination as follows:

   Termination at beginning of Year 1: $18,000.00
   Termination at beginning of Year 2: $14,400.00
   Termination at beginning of Year 3: $10,800.00
   Termination at beginning of Year 4: $ 7,200.00
   Termination at beginning of Year 5: $ 3,600.00
   Termination at beginning of Year 6: $ 0.00

   The Association, in the event of such termination, will reasonably apportion such termination liability among the owners of those apartments in which occupants have subscribed or at the time of termination do subscribe to Oceanic Cable television.

7. Prior to Developer's acquisition of the property underlying the Project, the City and County of Honolulu ("the City") detected the presence of certain petroleum based substances beneath the surface of the property ("the Subsurface Conditions"). Pursuant to the provisions contained in the DEVELOPMENT AGREEMENT dated March 12, 1997 by and between the City and Developer, the City acknowledges the existence of the Subsurface Conditions at the Project and has undertaken the responsibility for remediation and clean-up of the Subsurface Conditions in a timely manner without loss, cost, damage or liability to Developer or its successors and assigns, including the apartment

owners in the Project. As of January 27, 1999, the City has completed its remediation activity, but continues to monitor the Subsurface Conditions should further remediation be needed. Pursuant to that certain CONSENT, ESTOPPEL, CERTIFICATE AND AGREEMENT of the City dated March 13, 1997, the City further acknowledges that a person who acquires an interest in or to the land of the Project, or any portion thereof, shall be entitled to an assignment of the rights under the indemnity given by the City with respect to the Subsurface Conditions, and that the City is solely responsible for the remediation of the environmental condition, including the cost thereof.

8. The following window and sliding glass door products have been proposed for the Project:

   a) Norwood 3000 sliding Glass Door
      Rating: HC40
      Test Wind Velocity: 155 MPH
      Test Pressure: 60#PSF

   b) Eclipse 4000-T Projected/Casement Windows
      Rating: C55
      Test Wind Velocity: 181MPH
      Test Pressure: 82-5#PSF

   The rating and testing information above was provided to Developer by the manufacturer of the window and sliding glass door products and does not constitute a representation, warranty or opinion of Developer. The product ratings are subject to proper installation and use.

9. The walls between condominium apartments are poured concrete structured walls, excepting, however, for the walls between back to back bathrooms in the one bedroom apartments which are constructed of frame and drywall materials. Purchasers are advised that drywall materials are less absorbant to sound than poured concrete. Purchasers should examine the Condominium Map on file at the Developer's sales office or the Real Estate Commission to determine the exact location, configuration and make-up of condominium apartment walls.

10. All Purchasers are advised that the Project is located in a rapidly developing area of urban Honolulu, that Developer has no control over the development of neighboring properties, and that Developer makes no representations or warranties with respect to view, noise, dust and other nuisances which may result from or are incidental to such development and urban living.

11. A washer/dryer unit has been added to each condominium apartment. The decision to add the washer/dryer units was made after the printing of the preliminary public report, the advertising materials and the floor plans used for marketing each condominium apartment. As a result of the addition of washer/dryer units to each condominium apartment, the dimensions of the interior rooms in some units have been slightly modified, although the overall area of each condominium apartment remains unchanged. These modifications are not reflected in the floor plans used for marketing each unit. Purchasers are therefore advised to consult the Condominium Map on file at the Developer's sales office or the Real Estate Commission to determine the exact dimensions of their apartment prior to purchase.

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

WALDRON VENTURES,
a Hawaii general partnership

By C.J.K. Business Development Corporation,
a Hawaii corporation
Its General Partner

By _____ Date: January 6, 1999
Michael Kimura
Its President

By Marshall Affordables Business
Development Corporation,
a Hawaii corporation
Its General Partner

By _____ Date: January 6, 1999
Marshall Hung
Its President

Distribution:

Department of Finance, City and County of Honolulu
Planning Department, City and County of Honolulu

DEVELOPER'S RIGHTS TO AMEND THE CONDOMINIUM DOCUMENTS

1. Paragraph 21 of the Declaration, states in part:

> "[A]t any time prior to the issuance of an effective date for the Final Public Report by the Real Estate Commission of the State of Hawaii, Declarant may amend this Declaration and the Bylaws in any manner. No amendment of the Declaration, the Bylaws, the House Rules, or Condominium Map shall, without Declarant's prior written consent, limit, affect or impair the reserved rights of Declarant under this Declaration. . . . Notwithstanding the foregoing and notwithstanding the sale and conveyance of any of the apartments, this Declaration (including the Bylaws and, when applicable, the Condominium Map) may be amended by Declarant (a) by filing the verified statement of a registered architect or professional engineer (with plans, if applicable) required by Section 514A-12 of the Act, certifying that the final plans theretofore recorded, or being recorded simultaneously with such statement, fully and accurately depict the layout, location, apartment numbers and dimensions of the apartments as built; or (b) to effect any change or amendment required by an administrative agency of any county, state, or federal government or by any territory, possession, or foreign country or other foreign jurisdiction or a mortgagee of the fee or leasehold interests in the Land as a condition to governmental approvals, marketing the Project or making a loan to finance the construction and/or the sales of the Project."

2. At any time prior to the conveyance of all of the apartments in the Project to persons other than Seller or any mortgagee of Seller, Seller reserves the right to modify the Project Documents as may be required by law, the Real Estate Commission, a title insurance company, an institutional mortgagee or any governmental agency and for such other purposes as are set forth in paragraph E.17 of the Sales Contract, provided, however, that any such modification shall be subject to Buyer's right to rescind pursuant to Section 514A-63 of the Condominium Act and Buyer authorizes Seller to make and specifically approves all changes to said documents and the Project.

STANDARD SUMMARY OF LEASE PROVISIONS

This STANDARD SUMMARY OF LEASE PROVISIONS will be provided to each person entering into a contract ("the buyer"), with Waldron Ventures, a Hawaii general partnership ("the seller"), for the purchase and sale of the property at 1448 Young Street, Honolulu, Hawaii 96814, tax map key no. (1) 2-4-5-31 (the "property"). The lease provisions set forth below will be found in the document entitled Condominium Unit Conveyance, Ground Lease and Partial Release of Development Lease ("the Lease").

1. **Lessor**: The City and County of Honolulu

2. **Lessee**: The buyer

3. **Lease Expiration**: The Lease expires on the sixty-fifth (65th) anniversary of the issuance of a certificate of occupancy for the condominium building in which the buyer's apartment is located.

4. **Surrender Clause**: The lease is subject to a surrender clause which requires each apartment owner, at the end of the term to deliver up to the Lessor the undivided leasehold interest in the land conveyed to such owner and, together with all the other apartment owners, possession of the buildings located on the land including each owner's apartment.

5. **Lease Rent**: Zero dollars ($0.00) per year until the thirtieth (30th) anniversary of the issuance of a certificate of occupancy for the condominium building in which the buyer's apartment is located. The rent for each of the next three (3) ten-year periods and one (1) final five-year period shall be determined by mutual agreement, or, if the parties are unable to reach mutual agreement, by appraisal as provided in the Lease.

6. **Renegotiation Dates**: The Lease will be renegotiated 180 days prior to the thirtieth (30th), fortieth (40th), fiftieth (50th), and sixtieth (60th) anniversaries of the issuance of a certificate of occupancy for the condominium building in which the buyer's apartment is located.

7. **Renegotiation Terms**: The Lessor and the Board of Directors of the 1448 Young St Association of Condominium Owners, or their appraisers if needed, shall determine the annual rent for all apartments based on the product of (i) the fair market return on real property being similarly used as the Land expressed as a percent multiplied by (ii) the fair market value of the Land, unimproved, unsubdivided, without utilities, and unencumbered, except as encumbered by this Lease. The annual rent determined by the appraiser(s) shall not be less than the rent paid collectively to the Lessor by all Apartment Owners in the Project, or by the Managing Agent on behalf of the Apartment Owners, during the immediately preceding rent period. The appraiser(s) may conduct an arbitration, at their election, under the commercial rules of the American Arbitration Association.

8. **Notice to Buyers**: THE INFORMATION ABOVE IS A SUMMARY OF THE TERMS OF THE LEASE AND THAT FOR MORE DETAILED INFORMATION THE LEASE SHOULD BE READ.

The subject property is leasehold property and the buyer will acquire the right to occupy and use the leased real property for sixty-five (65) years. The buyer will not acquire outright or absolute ownership of the land or the apartment buyer is purchasing. The land is owned by Lessor, to whom the buyer, as a lessee, will agree to make Lease rent payments and comply with the terms of the Lease or be subject to the Lessor's enforcement actions. The Lease rent payments are subject to renegotiation at fixed periods of time. Renegotiation is based on a formula and certain appraisal and arbitration procedures set forth in the Lease agreement or by law. THE RENEGOTIATED LEASE RENTS MAY INCREASE SIGNIFICANTLY. AT THE END OF THE LEASE, BUYER HAS TO SURRENDER THE PROPERTY AND THE LAND BACK TO THE LESSOR WITHOUT ANY COMPENSATION. (See the Surrender Clause.)

When leasehold property is acquired, title will be conveyed by means of a condominium conveyance document, whose purpose is similar to that of a deed. The legal and practical effect is different from a deed, however, because the condominium conveyance document conveys only the rights and obligations created by the Lease to the land, not the land itself, and conveys an interest in the property for a period of years, after which the interest is lost.

There are currently no provisions of state or federal law requiring the mandatory conversion of leasehold condominium property, and that there are no assurances that such measures will be enacted in the future. There are provisions of the law of the City and County of Honolulu requiring the mandatory conversion of leasehold condominium property under certain limited conditions, but such provisions may not be applicable to this Project.

IF BUYER HAS ANY LEGAL QUESTIONS ABOUT LEASEHOLD PROPERTY, ABOUT THE LEASE DOCUMENTS, ABOUT THE TERMS OF THE LEASE, AND ITS CONSEQUENCES, BUYER SHOULD SEEK THE ADVICE OF AN ATTORNEY.

15104.5

DESCRIPTION OF BUILDINGS

a. Generally. The Project consists of a seventeen (17) story residential tower (the "Residential Tower") containing two hundred (200) residential apartments and a portion of a seven (7) level parking structure (the "Parking Structure") containing two (2) commercial apartments and a total of six hundred twenty-three (623) parking stalls of which the two (2) commercial apartments and two hundred fourteen (214) parking stalls shall be part of the Project. The Residential Tower and the Parking Structure will be constructed primarily of reinforced concrete, masonry, glass, steel, aluminum and appropriate trim.

b. Residential Tower. The Residential Tower shall contain seventeen (17) floors and a total of two hundred (200) residential apartments, ten (10) of which shall have three bedrooms and two bathrooms, six (6) of which shall have two bedrooms and two bathrooms, eighty-nine (89) of which shall have two bedrooms and one bathroom, sixty-two (62) of which shall have one bedroom and one bathroom and thirty-three (33) of which shall be studios.

The first floor of the Residential Tower, designated as the Ground Floor on the Condominium Map, shall have a total of eight (8) apartments (four (4) one bedroom and one bathroom residential apartments, three (3) two bedroom and one bathroom residential apartments and one (1) residential studio apartment), a corridor, a recreation room (which shall contain a kitchen, two toilet rooms and an adjoining storage room), a space designated for the resident manager (containing a kitchen, a bathroom and an adjoining room), two (2) water heater closets, a storage room, an electrical room, an elevator lobby, three (3) elevator stops, two (2) stairways, a mailroom, a lobby, a trash collection room, and a fire control room. Floors 2 through 7 shall each have a total of twelve (12) apartments (six (6) two bedroom and one bathroom residential apartments, three (3) one bedroom and one bathroom residential apartments, one (1) two bedroom and two bathroom residential apartment and two (2) residential studio apartments), a corridor, two (2) water heater closets, an electrical room, an elevator lobby, three (3) elevator stops, a trash chute room and two (2) stairways. Floors 8 through 17 (designated as Floors 8 through 18, omitting the thirteenth floor, on the Condominium Map) shall each have a total of twelve (12) apartments (four (4) one bedroom and one bathroom residential apartments, five (5) two bedroom and one bathroom residential apartments, one (1) three bedroom and two bathroom residential apartment and two (2) residential studio apartments), a corridor, an electrical room, two (2) water heater closets, an elevator lobby, three (3) elevator stops, a trash chute room, and two (2) stairways. The roof level shall have a stairway and an elevator machine room. The basement level shall have twelve (12) storage rooms (including the storage room adjoining and accessible only from the room designated Storage-11 on the Condominium Map), a corridor, a water heater closet, an elevator lobby, one (1) elevator stop and three (3) stairways.

c. Parking Structure. The Parking Structure shall be located only in part on the Land and in the Project, as is more particularly shown on the Condominium Map and as permitted by the Joint Development Agreement. The use and maintenance of the Parking Structure shall be governed by the Reciprocal Easement Agreement. Pursuant to, and subject to, the Reciprocal Easement Agreement, the whole of the Parking Structure shall be available for use by the owners and occupants of the Project regardless of whether the portion being used is located on the Land or the Adjoining Property.

The Parking Structure as a whole shall contain a total of six hundred twenty-three (623) parking stalls (two hundred eight (208) regular stalls, two hundred twenty (220) compact stalls, ninety (90) tandem stalls (each tandem stall shall always contain one (1) regular parking stall and one (1) compact parking stall), and fifteen (15) handicapped stalls, which handicapped stalls shall be used as standard stalls until such time as an apartment owner presents proof of need for a handicapped stall and a stall is designated and marked accordingly). The Parking Structure shall contain seven (7) levels connected by sloping floors rising from the basement level to the seventh level as shown on the Condominium Map. The basement level of the Parking Structure shall contain seventy-seven (77) parking stalls (twenty-one (21) regular stalls, twenty-one (21) compact stalls, sixteen (16) tandem stalls and three (3) handicapped stalls), three (3) stairways and two (2) elevator stops. The first level of the Parking Structure, designated as the ground level on the Condominium Map, shall contain sixty-seven (67) parking stalls (twenty-nine (29) regular stalls, thirty-six (36) compact stalls and two (2) handicapped stalls), two (2) commercial spaces, three (3) stairways, two (2) elevator stops, an electrical room, a security office, a management office, a telephone equipment room, a generator room and a fire pump room. Levels 2 through 4 of the Parking Structure shall each contain one hundred three (103) parking stalls (thirty-three (33) regular stalls, thirty-five (35) compact stalls, sixteen (16) tandem stalls and three (3) handicapped stalls), two (2) stairways and two (2) elevator stops. Level 5 of the Parking Structure shall contain one hundred five (105) parking stalls (thirty-five (35) regular stalls, thirty-five (35) compact stalls, seventeen (17) tandem stalls and one (1) handicapped stall), two (2) stairways, an elevator lobby and two (2) elevator stops. Level 6 of the Parking Structure shall contain sixty-five (65) parking stalls (twenty-four (24) regular stalls, twenty-three (23) compact stalls and nine (9) tandem stalls), two (2) stairways, an elevator lobby and two (2) elevator stops. Stalls numbered 332 through 341, 348 through 409, and 598 through 632 on the fifth and six levels of the Parking Structure, as shown on the Condominium Map, shall be uncovered stalls.

Within that portion of the Parking Structure located on the Land and in the Project, there shall be two hundred fourteen (214) parking stalls (sixty-nine (69) regular stalls, forty-seven (47) compact stalls and forty-nine (49) tandem stalls (each tandem stall shall always contain one (1) regular parking stall and one (1) compact parking stall). The basement level of that portion of the Parking Structure located on the Land and in the Project shall contain thirty-one (31) parking stalls (nine (9) regular stalls, six (6) compact stalls and eight (8) tandem stalls) and two (2) stairways. The first level of that portion of the Parking Structure located on the Land and in the Project, designated as the ground level on the Condominium Map, shall contain sixteen (16) parking stalls (ten (10) regular stalls and six (6) compact stalls), two (2) commercial apartments and two (2) stairways. Levels 2 through 5 of that portion of the Parking Structure located on the Land and in the Project shall each contain thirty-three (33) parking stalls (ten (10) regular stalls, seven (7) compact stalls and eight (8) tandem stalls) and one (1) stairway. Level 6 of that portion of the Parking Structure located on the Land and in the Project shall contain thirty-five (35) parking stalls (ten (10) regular stalls, seven (7) compact stalls and nine (9) tandem stalls) and one (1) stairway.

14951.4

SPECIAL USE RESTRICTIONS

1. Occupancy Limits; Liability for Increased Occupancy. Notwithstanding anything in these House Rules to the contrary, any violation of occupancy limits imposed by any law or regulation shall also be a violation of these House Rules. Except for the commercial apartments, the maintenance fee for each three bedroom apartment, two bedroom apartment and one bedroom apartment has been calculated based upon the assumption that a three bedroom apartment would be occupied by no more than seven (7) persons, a two bedroom apartment would be occupied by no more than five (5) persons and a studio and a one bedroom apartment would be occupied by no more than three (3) persons. For this reason, in the event an apartment shall be occupied by more than the number of persons assumed to be the maximum number of occupants as set forth above, the Association, through the Managing Agent, may increase the monthly maintenance fee for such apartment by that amount which represents the increased maintenance expenses to the Project resulting from such additional occupants, which amount shall be calculated as follows:

> For a studio and a one bedroom apartment, the additional monthly maintenance fee shall be the maintenance fee normally charged for a one bedroom apartment with one to three occupants, times the fraction in which the numerator is the number of occupants in the apartment minus three and the denominator is three.
>
> For a two bedroom apartment, the additional monthly maintenance fee shall be the maintenance fee normally charged for a two bedroom apartment with one to five occupants, times the fraction in which the numerator is the number of occupants in the apartment minus five and the denominator is five.
>
> For a three bedroom apartment, the additional monthly maintenance fee shall be the maintenance fee normally charged for a three bedroom apartment with one to seven occupants, times the fraction in which the numerator is the number of occupants in the apartment minus seven and the denominator is seven.
>
> (For example, if the maintenance fee is $100 per month for Unit X, a one bedroom apartment, and there are four occupants in Unit X, the additional maintenance fee that will be charged to Unit X will be $33.33 per month, making the total maintenance fee for Unit X $133.33 per month.)

These provisions are a part of the House Rules for the project and may be amended as necessary by the Board of Directors of the Association.

2. Reciprocal Easement Agreement. The property upon which the Project is located ("the Land") and the neighboring property, described as "the Adjoining Property" in the Declaration, will be subject to a joint development agreement by and between Waldron Ventures and

the City and County of Honolulu, as fee owner of the Adjoining Property, which agreement is filed with the Office of the Assistant Registrar of the Land Court of the State of Hawaii (the "Joint Development Agreement") as Document No. 2370287 and permits the joint development of the Land and the Adjoining Property, including the construction of a parking structure thereon, and the treatment of the Land and the Adjoining Property as one lot for zoning purposes. The Land and the Adjoining Property is also subject to a reciprocal easement agreement by and between the aforementioned parties, which is also filed with said office ("the REA"), as Document No. 2370288 which governs the development, use and maintenance of the grounds, landscaping, drives, loading areas, walks, paths, the six hundred twenty-three (623) stall parking structure, the twenty-three (23) parking stalls located on the grounds surrounding the parking structure and all the facilities located within said structure, located on and for the benefit of the Land, the Project and the Adjoining Property. The Joint Development Agreement and the REA shall impose restrictions which shall be paramount to the rights and obligations set forth in the Declaration, Bylaws and House Rules.

3. See also Exhibit O of this report.

14954.3

APARTMENT DESCRIPTION

Description of Apartments. There are a total of two hundred two (202) condominium apartments in the Project, consisting of two hundred (200) residential apartments and two (2) commercial apartments, as shown on the Condominium Map. Each apartment is designated as a separate freehold estate. Each apartment consists of the spaces within the perimeter walls, floors and ceilings of the respective apartments as shown on the Condominium Map.

Each apartment is designated on the Condominium Map by an apartment number consisting of either a three or four digit number. Each apartment is located in the Project as shown on the Condominium Map. Each apartment is classified as one of twenty-three (23) types, each type having a unique configuration and area as more particularly shown on the Condominium Map.

Each type A, A-1, A-1G, B, B-1, B-1G, C and C-1 apartment has two (2) bedrooms, one (1) bathroom, a living room, a kitchen and a lanai.

Each type D, D-1, E, E-1, EG and E-1G apartment has one (1) bedroom, one (1) bathroom, a living room, a kitchen and a lanai.

Each type F, F-1, F-1G studio apartment has one (1) den, one (1) bathroom, a living room, a kitchen and a lanai.

The type AG apartment has two (2) bedrooms, one (1) bathroom, a living room and a kitchen.

Each type D-2 apartment has two (2) bedrooms, two (2) bathrooms, a living room, a kitchen and a lanai.

Each type C-2 apartment has three (3) bedrooms, two (2) bathrooms, a living room, a kitchen and a lanai.

The type C-3G and C-4G apartments has one (1) bedroom, one (1) bathroom, a living room, a kitchen, a storage room and a lanai.

Each commercial type apartment has one room with no bathrooms, kitchens or lanais.

Each apartment has the number of rooms (exclusive of lanais), approximate net floor area in square feet (exclusive of lanais), and approximate net lanai floor area in square feet, as set forth below.

All approximate net floor areas set forth below are based on measurements taken from the undercoated or unfinished interior surface of all perimeter walls or, in the case of the commercial apartments, from imaginary vertical planes, as shown on the Condominium Map, except that no reduction has been made to account for interior walls, ducts, vents, shafts and the like located within the perimeter walls and/or vertical planes. All approximate net lanai floor areas set forth below are based on measurements taken from the inner surfaces of all perimeter walls and boundaries of the lanai areas. All floor areas set forth below are not exact but are approximations based on the floor plans of each type of apartment. All floor areas set forth below have also been rounded to the lowest full square foot where the approximation of such floor areas exceed a square foot by any fraction of a square foot. For these reasons, the measurements of the floor areas set forth below may not follow the designation of the limits of the apartments (the legally designated areas of the apartments) and the floor areas set forth below may be different from the actual floor areas as constructed.

Each commercial apartment will be sold initially as unfinished and unfurnished loft space and without a boundary wall between the commercial apartments. The purchaser(s) of the commercial apartments will be responsible for constructing the boundary wall between commercial apartments at the location shown on the Condominium Map.

Each residential apartment will have immediate access to the walkways, corridors, stairways and/or elevators of the Residential Tower which lead to the lobby areas and other common areas of the Project. Each commercial apartment will have immediate access to the common areas of the Project.

Notwithstanding the floor areas set forth below and the manner in which such floor areas have been measured, the respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls or partitions, the foundations, columns, girders, beams, floor slabs, supports, roofs, and ceilings located within or at the perimeter of or surrounding such apartment, any pipes, vents, shafts, ducts, conduits or other utility or service lines or enclosed spaces for wiring, pipes, air exhaust or air conditioning running through or otherwise within such apartment which are utilized for or serve more than one apartment, all of which are deemed common elements as hereinafter provided. Each apartment shall be deemed to include all of the walls and partitions which are not load-bearing and which are within its perimeter walls, the inner decorated or finished surfaces of all walls, floors, roofs and ceilings, all glass windows, window frames, louvers (if any), shutters (if any), panels, doors and door frames along its perimeter, the lanais shown on the Condominium Map to the inner decorated or finished surfaces of the exterior perimeter walls of such lanais and to the exterior edge of the exterior railings

or other boundaries of such lanais, and all of the fixtures and appliances (if any) originally installed therein.

Each apartment is more particularly described as follows:

FLOOR 1

Apt. No.	Unit Type	No. of Rooms	Approx. Net Floor Area in Sq. Ft.	Approx. Net Lanai Floor Area in Sq. Ft.	Approx. Net Total Floor Area in Sq. Ft.	Common Interest
1000	Commercial	1	1167	0	1167	0.00780
2000	Commercial	1	1237	0	1237	0.00783
101	AG	5	701	0	701	0.00547
103	C-3G	5	627	66	693	0.00435
106	EG	4	546	42	588	0.00435
108	E-1G	4	546	42	588	0.00435
109	C-4G	5	627	66	693	0.00435
110	F-1G	4	415	30	445	0.00404
111	A-1G	5	713	53	766	0.00547
112	B-1G	5	713	60	773	0.00547

FLOOR 2

Apt. No.	Unit Type	No. of Rooms	Approx. Net Floor Area in Sq. Ft.	Approx. Net Lanai Floor Area in Sq. Ft.	Approx. Net Total Floor Area in Sq. Ft.	Common Interest
201	A	5	701	47	748	0.00547
202	B	5	713	53	766	0.00547
203	C	5	749	60	809	0.00547
204	F	4	415	26	441	0.00404
205	D	4	523	34	557	0.00435
206	E	4	546	34	580	0.00435
207	D-2	6	795	34	829	0.00547
208	E-1	4	546	34	580	0.00435
209	C-1	5	749	60	809	0.00547
210	F-1	4	415	26	441	0.00404
211	A-1	5	701	47	748	0.00547
212	B-1	5	713	53	766	0.00547

FLOOR 3

Apt. No.	Unit Type	No. of Rooms	Approx. Net Floor Area in Sq. Ft.	Approx. Net Lanai Floor Area in Sq. Ft.	Approx. Net Total Floor Area in Sq. Ft.	Common Interest
301	A	5	701	47	748	0.00547
302	B	5	713	53	766	0.00547
303	C	5	749	60	809	0.00547
304	F	4	415	26	441	0.00404
305	D	4	523	34	557	0.00435
306	E	4	546	34	580	0.00435
307	D-2	6	795	34	829	0.00547
308	E-1	4	546	34	580	0.00435
309	C-1	5	749	60	809	0.00547
310	F-1	4	415	26	441	0.00404
311	A-1	5	701	47	748	0.00547
312	B-1	5	713	53	766	0.00547

FLOOR 4

Apt. No.	Unit Type	No. of Rooms	Approx. Net Floor Area in Sq. Ft.	Approx. Net Lanai Floor Area in Sq. Ft.	Approx. Net Total Floor Area in Sq. Ft.	Common Interest
401	A	5	701	47	748	0.00547
402	B	5	713	53	766	0.00547
403	C	5	749	60	809	0.00547
404	F	4	415	26	441	0.00404
405	D	4	523	34	557	0.00435
406	E	4	546	34	580	0.00435
407	D-2	6	795	34	829	0.00547
408	E-1	4	546	34	580	0.00435
409	C-1	5	749	60	809	0.00547
410	F-1	4	415	26	441	0.00404
411	A-1	5	701	47	748	0.00547
412	B-1	5	713	53	766	0.00547

FLOOR 5

Apt. No.	Unit Type	No. of Rooms	Approx. Net Floor Area in Sq. Ft.	Approx. Net Lanai Floor Area in Sq. Ft.	Approx. Net Total Floor Area in Sq. Ft.	Common Interest
501	A	5	701	47	748	0.00547
502	B	5	713	53	766	0.00547
503	C	5	749	60	809	0.00547
504	F	4	415	26	441	0.00404
505	D	4	523	34	557	0.00435
506	E	4	546	34	580	0.00435
507	D-2	6	795	34	829	0.00547
508	E-1	4	546	34	580	0.00435
509	C-1	5	749	60	809	0.00547
510	F-1	4	415	26	441	0.00404
511	A-1	5	701	47	748	0.00547
512	B-1	5	713	53	766	0.00547

FLOOR 6

Apt. No.	Unit Type	No. of Rooms	Approx. Net Floor Area in Sq. Ft.	Approx. Net Lanai Floor Area in Sq. Ft.	Approx. Net Total Floor Area in Sq. Ft.	Common Interest
601	A	5	701	47	748	0.00547
602	B	5	713	53	766	0.00547
603	C	5	749	60	809	0.00547
604	F	4	415	26	441	0.00404
605	D	4	523	34	557	0.00435
606	E	4	546	34	580	0.00435
607	D-2	6	795	34	829	0.00547
608	E-1	4	546	34	580	0.00435
609	C-1	5	749	60	809	0.00547
610	F-1	4	415	26	441	0.00404
611	A-1	5	701	47	748	0.00547
612	B-1	5	713	53	766	0.00547

FLOOR 7

Apt. No.	Unit Type	No. of Rooms	Approx. Net Floor Area in Sq. Ft.	Approx. Net Lanai Floor Area in Sq. Ft.	Approx. Net Total Floor Area in Sq. Ft.	Common Interest
701	A	5	701	47	748	0.00547
702	B	5	713	53	766	0.00547
703	C	5	749	60	809	0.00547
704	F	4	415	26	441	0.00404
705	D	4	523	34	557	0.00435
706	E	4	546	34	580	0.00435
707	D-2	6	795	34	829	0.00547
708	E-1	4	546	34	580	0.00435
709	C-1	5	749	60	809	0.00547
710	F-1	4	415	26	441	0.00404
711	A-1	5	701	47	748	0.00547
712	B-1	5	713	53	766	0.00547

FLOOR 8

Apt. No.	Unit Type	No. of Rooms	Approx. Net Floor Area in Sq. Ft.	Approx. Net Lanai Floor Area in Sq. Ft.	Approx. Net Total Floor Area in Sq. Ft.	Common Interest
801	A	5	701	47	748	0.00547
802	B	5	713	53	766	0.00547
803	C	5	749	60	809	0.00547
804	F	4	415	26	441	0.00404
805	D	4	523	34	557	0.00435
806	E	4	546	34	580	0.00435
807	D-1	4	523	34	557	0.00435
808	E-1	4	546	34	580	0.00435
809	C-2	7	1021	34	1055	0.00617
810	F-1	4	415	26	441	0.00404
811	A-1	5	701	47	748	0.00547
812	B-1	5	713	53	766	0.00547

FLOOR 9

Apt. No.	Unit Type	No. of Rooms	Approx. Net Floor Area in Sq. Ft.	Approx. Net Lanai Floor Area in Sq. Ft.	Approx. Net Total Floor Area in Sq. Ft.	Common Interest
901	A	5	701	47	748	0.00547
902	B	5	713	53	766	0.00547
903	C	5	749	60	809	0.00547
904	F	4	415	26	441	0.00404
905	D	4	523	34	557	0.00435
906	E	4	546	34	580	0.00435
907	D-1	4	523	34	557	0.00435
908	E-1	4	546	34	580	0.00435
909	C-2	7	1021	34	1055	0.00617
910	F-1	4	415	26	441	0.00404
911	A-1	5	701	47	748	0.00547
912	B-1	5	713	53	766	0.00547

FLOOR 10

Apt. No.	Unit Type	No. of Rooms	Approx. Net Floor Area in Sq. Ft.	Approx. Net Lanai Floor Area in Sq. Ft.	Approx. Net Total Floor Area in Sq. Ft.	Common Interest
1001	A	5	701	47	748	0.00547
1002	B	5	713	53	766	0.00547
1003	C	5	749	60	809	0.00547
1004	F	4	415	26	441	0.00404
1005	D	4	523	34	557	0.00435
1006	E	4	546	34	580	0.00435
1007	D-1	4	523	34	557	0.00435
1008	E-1	4	546	34	580	0.00435
1009	C-2	7	1021	34	1055	0.00617
1010	F-1	4	415	26	441	0.00404
1011	A-1	5	701	47	748	0.00547
1012	B-1	5	713	53	766	0.00547

FLOOR 11

Apt. No.	Unit Type	No. of Rooms	Approx. Net Floor Area in Sq. Ft.	Approx. Net Lanai Floor Area in Sq. Ft.	Approx. Net Total Floor Area in Sq. Ft.	Common Interest
1101	A	5	701	47	748	0.00547
1102	B	5	713	53	766	0.00547
1103	C	5	749	60	809	0.00547
1104	F	4	415	26	441	0.00404
1105	D	4	523	34	557	0.00435
1106	E	4	546	34	580	0.00435
1107	D-1	4	523	34	557	0.00435
1108	E-1	4	546	34	580	0.00435
1109	C-2	7	1021	34	1055	0.00617
1110	F-1	4	415	26	441	0.00404
1111	A-1	5	701	47	748	0.00547
1112	B-1	5	713	53	766	0.00547

FLOOR 12

Apt. No.	Unit Type	No. of Rooms	Approx. Net Floor Area in Sq. Ft.	Approx. Net Lanai Floor Area in Sq. Ft.	Approx. Net Total Floor Area in Sq. Ft.	Common Interest
1201	A	5	701	47	748	0.00547
1202	B	5	713	53	766	0.00547
1203	C	5	749	60	809	0.00547
1204	F	4	415	26	441	0.00404
1205	D	4	523	34	557	0.00435
1206	E	4	546	34	580	0.00435
1207	D-1	4	523	34	557	0.00435
1208	E-1	4	546	34	580	0.00435
1209	C-2	7	1021	34	1055	0.00617
1210	F-1	4	415	26	441	0.00404
1211	A-1	5	701	47	748	0.00547
1212	B-1	5	713	53	766	0.00547

FLOOR 13: INTENTIONALLY OMITTED.

FLOOR 14

Apt. No.	Unit Type	No. of Rooms	Approx. Net Floor Area in Sq. Ft.	Approx. Net Lanai Floor Area in Sq. Ft.	Approx. Net Total Floor Area in Sq. Ft.	Common Interest
1401	A	5	701	47	748	0.00547
1402	B	5	713	53	766	0.00547
1403	C	5	749	60	809	0.00547
1404	F	4	415	26	441	0.00404
1405	D	4	523	34	557	0.00435
1406	E	4	546	34	580	0.00435
1407	D-1	4	523	34	557	0.00435
1408	E-1	4	546	34	580	0.00435
1409	C-2	7	1021	34	1055	0.00617
1410	F-1	4	415	26	441	0.00404
1411	A-1	5	701	47	748	0.00547
1412	B-1	5	713	53	766	0.00547

FLOOR 15

Apt. No.	Unit Type	No. of Rooms	Approx. Net Floor Area in Sq. Ft.	Approx. Net Lanai Floor Area in Sq. Ft.	Approx. Net Total Floor Area in Sq. Ft	Common Interest
1501	A	5	701	47	748	0.00547
1502	B	5	713	53	766	0.00547
1503	C	5	749	60	809	0.00547
1504	F	4	415	26	441	0.00404
1505	D	4	523	34	557	0.00435
1506	E	4	546	34	580	0.00435
1507	D-1	4	523	34	557	0.00435
1508	E-1	4	546	34	580	0.00435
1509	C-2	7	1021	34	1055	0.00617
1510	F-1	4	415	26	441	0.00404
1511	A-1	5	701	47	748	0.00547
1512	B-1	5	713	53	766	0.00547

FLOOR 16

Apt. No.	Unit Type	No. of Rooms	Approx. Net Floor Area in Sq. Ft.	Approx. Net Lanai Floor Area in Sq. Ft.	Approx. Net Total Floor Area in Sq. Ft.	Common Interest
1601	A	5	701	47	748	0.00547
1602	B	5	713	53	766	0.00547
1603	C	5	749	60	809	0.00547
1604	F	4	415	26	441	0.00404
1605	D	4	523	34	557	0.00435
1606	E	4	546	34	580	0.00435
1607	D-1	4	523	34	557	0.00435
1608	E-1	4	546	34	580	0.00435
1609	C-2	7	1021	34	1055	0.00617
1610	F-1	4	415	26	441	0.00404
1611	A-1	5	701	47	748	0.00547
1612	B-1	5	713	53	766	0.00547

FLOOR 17

Apt. No.	Unit Type	No. of Rooms	Approx. Net Floor Area in Sq. Ft.	Approx. Net Lanai Floor Area in Sq. Ft.	Approx. Net Total Floor Area in Sq. Ft.	Common Interest
1701	A	5	701	47	748	0.00547
1702	B	5	713	53	766	0.00547
1703	C	5	749	60	809	0.00547
1704	F	4	415	26	441	0.00404
1705	D	4	523	34	557	0.00435
1706	E	4	546	34	580	0.00435
1707	D-1	4	523	34	557	0.00435
1708	E-1	4	546	34	580	0.00435
1709	C-2	7	1021	34	1055	0.00617
1710	F-1	4	415	26	441	0.00404
1711	A-1	5	701	47	748	0.00547
1712	B-1	5	713	53	766	0.00547

FLOOR 18

Apt. No.	Unit Type	No. of Rooms	Approx. Net Floor Area in Sq. Ft.	Approx. Net Lanai Floor Area in Sq. Ft.	Approx. Net Total Floor Area in Sq. Ft.	Common Interest
1801	A	5	701	47	748	0.00547
1802	B	5	713	53	766	0.00547
1803	C	5	749	60	809	0.00547
1804	F	4	415	26	441	0.00404
1805	D	4	523	34	557	0.00435
1806	E	4	546	34	580	0.00435
1807	D-1	4	523	34	557	0.00435
1808	E-1	4	546	34	580	0.00435
1809	C-2	7	1021	34	1055	0.00617
1810	F-1	4	415	26	441	0.00404
1811	A-1	5	701	47	748	0.00547
1812	B-1	5	713	53	766	0.00547

14961.3

PERMITTED ALTERATIONS TO APARTMENTS

1. Paragraph 19 of the Declaration set forth the following with respect to alteration of the apartments:

"a. General. Except as otherwise provided in this Declaration or the Act or as otherwise required by law, neither the Association nor any apartment owner shall perform any of the following acts except pursuant to plans and specifications therefor approved in writing by the Board and the City;

(1) repairing, replacing or rebuilding any apartment or any of the common and limited common elements in a manner different in any material respect from the Condominium Map;

(2) engaging in any alterations which will affect the structural integrity of any apartment or the common and limited common elements;

(3) constructing on the common and limited common elements any new building or structure; or

(4) enclosing any lanai, balcony, patio or parking stall.

Upon the completion of any such work, there shall be filed with the Board a final "as built" set of the plans and specifications for such work, and if any such work should constitute a material alteration to the Project as shown on the Condominium Map (as determined by the Board), the Association or apartment owner, as the case may be, shall file an amendment to this Declaration describing such alteration and amending the Condominium Map to show such alteration, together with a certificate signed by a registered architect or professional engineer, certifying that the plans showing such alterations accurately reflect such alterations, as built. Such amendment shall be signed by the Association or the apartment owner, as the case may be, and approved by the Board and the City, and no consent or joinder of any other apartment owner or person shall be required. Except as otherwise provided in this Declaration, the Bylaws and the House Rules, each apartment owner shall be free, with the consent of all mortgagees of record of any interest in such apartment owner's apartment, to make such alterations and improvements within such apartment owner's apartment or within or on the limited common elements appurtenant thereto, without the consent or joinder of the City, the Board, the Association, any apartment owner, Declarant or any other person.

"b. Certain Work Prohibited. Notwithstanding anything to the contrary in this Declaration, no apartment owner (a) shall do any work which could jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement or hereditament; (b) shall add any material structure or excavate any basement or cellar, (c) shall enclose any lanai, balcony or

patio, or (d) shall rebuild, repair or restore the Project in the event of substantial or total destruction of the Project, without in every such case obtaining the prior consent of seventy-five percent (75%) of the apartment owners, together with the prior written consent of the City, all mortgagees of record and apartment owners whose apartments or limited common elements appurtenant thereto are directly affected; provided that nonmaterial structural additions to the common elements, including "solar energy devices" as defined in Section 514A-89 of the Act, or additions to or alterations of an apartment made within such apartment or within a limited common element appurtenant to and for the exclusive use of the apartment, shall require approval only by the Board and such percentage, number, or group of apartment owners or other parties as may be required by this Declaration or the Bylaws. As used in this subparagraph, "nonmaterial structural additions to the common elements" means a structural addition to the common elements which does not jeopardize the soundness or safety of the Project, reduce the value thereof, impair any easement or hereditament, detract from the appearance of the Project from outside any apartment, interfere with or deprive any nonconsenting apartment owner of the use or enjoyment of any part of the Project or directly and materially affect any nonconsenting apartment owner. **Notwithstanding anything herein to the contrary, no alterations or changes of any nature under any circumstances, including the cutting or punching of holes or connection between apartments as set forth in paragraph 19.c. below, shall be made to the structural elements of the Residential Tower or Parking Structure, including, without limitation, roofs, floors, supporting walls, foundations, columns, girders, floor slabs, supports, perimeter, party or load bearing walls and partitions without first obtaining the certification from a licensed structural engineer reasonably acceptable to the Association that the plans for such alterations or changes will not in any way diminish the present structural integrity of the Residential Tower, the Parking Structure and the elements therein.** The aforementioned structural engineer shall be licensed in the State of Hawaii, in good standing, and shall have a policy of professional liability insurance with appropriate coverage from a responsible insurance company authorized to operate in the State of Hawaii, having a financial rating by Best's Insurance Reports of Class A, VI, or better.

"c. Connection between Apartments.

(1) The owner of any two or more adjacent apartments separated by a common element which is a wall may, with the consent of all mortgagees of record of any interest in such owner's apartments, alter or remove all or any portion of the intervening wall (and, if the owner so desires, install a door within the opening created by such removal), if the structural integrity of the common elements or any other apartment in the Project will not thereby be adversely affected and if the finish of the common element then remaining is placed in a condition substantially comparable to that of the common element prior to such alterations. As used above, "adjacent apartments" also includes apartments which are located above and beneath one another on different floors, and in such event all references to "intervening wall" shall mean the intervening floor, ceiling or slab separating such floors.

(2) Prior to commencing any such alteration or removal, the apartment owner shall provide to the Board (A) a certification in form and content reasonably satisfactory to the Board signed by an architect or engineer duly registered in the State of Hawaii, that such alteration or removal will not adversely affect the structural integrity of the common elements or any other apartment in the Project, (B) satisfactory evidence that all governmental approvals required for such alteration or removal have been duly obtained, and (C) if the cost of such alteration or removal, as reasonably determined by the Board, shall exceed the sum of $25,000.00, the Board may require that the owner provide evidence satisfactory to the Board of sufficient financing to complete such alteration or removal or, in lieu thereof, require that the owner obtain a performance and lien payment bond, naming as obligees. Declarant and the Board and the Association and collectively all apartment owners and their respective mortgagees of record, as their interests may appear, for a penal sum of not less than one hundred percent (100%) of the estimated cost of such alteration or removal. Such alteration or removal may be undertaken without the necessity of an amendment to this Declaration or the Condominium Map and, except as otherwise provided in this paragraph 19, without the consent or joinder of the Association, the Board, Declarant or any other person.

(3) If any intervening wall between adjacent apartments shall have been altered or removed pursuant to the foregoing provisions, then prior to the termination of the common ownership of such adjacent apartments, the owner of such apartments shall restore such intervening wall to substantially the same condition in which the same existed prior to such alteration or removal unless the purchaser of such apartments shall agree in writing to forego such restoration.

(4) Notwithstanding any alteration or additions permitted under this subparagraph 19.c, such shall not affect the common interest or limited common interest allocable to any apartment."

14962.3

PARKING INFORMATION

The Project, including the land upon which the project is located ("the Land"), and the neighboring property, described as "the Adjoining Property" in the Declaration, is subject to a reciprocal easement agreement by and between Waldron Ventures, and the City and County of Honolulu, which agreement is filed with the Office of the Assistant Registrar of the Land Court of the State of Hawaii (the "REA") and governs the development, use and maintenance of, among other things, the six hundred twenty-three (623) stall parking structure and the twenty-three (23) parking stalls located on the surrounding grounds of the Land and the Adjoining Property.

There are two hundred twenty-eight (228) parking stalls physically located on the Land of the Project, as described in the declaration and at Section C.7. of the Public Report. However, all six hundred forty-six (646) parking stalls located on both the Land of the Project and the Adjoining Property shall be used in common pursuant to the terms of the REA. The REA establishes, among other things, that:

(a) all parking stalls shall be placed in and used as a part of a parking management system combining the assignment of certain parking stalls and unassigned parking;

(b) all apartments in the Residential Tower shall have the use of one (1) parking stall on an unassigned basis;

(c) fifty-one (51) parking stalls located on the ground floor of the Parking Structure and the grounds surrounding the Parking Structure shall be reserved for residential guests, management use, and use by the commercial apartments located in the Residential Tower and the Parking Structure;

(d) the owners and lessees of the Adjoining Property shall have both assigned and unassigned parking;

(e) a professional licensed managing agent shall be responsible for managing the parking system; and

SEE ALSO THE 1448 YOUNG ST HOUSE RULES FOR ADDITIONAL INFORMATION ON PARKING AND RULES FOR THE USE OF PARKING AREAS.

14964.1

COMMON ELEMENTS, LIMITED COMMON ELEMENTS, COMMON INTEREST

1. Paragraphs 5, 6 and 7 of the Declaration state as follows:

"5. Common Elements. One freehold estate is hereby designated in all common elements of the Project, which include all portions of the Project other than the apartments (except as herein specifically included), and all other common elements mentioned in the Act which are actually included in the Project, including specifically, without limitation:

a. The Land in fee simple.

b. All structured components such as foundations, columns, girders, beams, floor slabs, supports, perimeter, party and load-bearing walls and partitions (excluding the finishes thereon within an apartment), and roofs of the Project.

c. All lobby areas, stairways, walkways, corridors, ramps, loading areas and platforms, fences, entrances, entryways and exits of the Project, all maintenance rooms, storage rooms, elevator machine rooms, mechanical rooms, electrical rooms, trash rooms, recreation rooms, mail rooms, management rooms, security rooms and common toilet facilities in the Project.

d. The area designated as Resident Manager (containing a kitchen, bathroom and adjoining rooms and closets) on the ground floor of the Residential Tower as shown on the Condominium Map.

e. All yards, grounds, paths, walkways, walkway railings, landscaping, refuse facilities and gardens of the Project.

f. All driveways and driveway ramps, loading and service areas, parking stalls and parking areas of the Project (both in the Parking Structure and on the surrounding grounds), and that portion of the Parking Structure located on the Land and in the Project.

g. All ducts, vents, shafts, sewer lines, sewage treatment equipment and facilities (if any), electrical equipment, pipes, conduits, cables, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, water, gas (if any), cable television (if any), air conditioning, sewer, refuse, telephone, and radio and television signal distribution.

h. Any and all apparatus and installations existing for common use, such as elevators, tanks, pumps, motors, fans, compressors, water heaters, washers, dryers and, in general, all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

i. All mechanical, electrical and air conditioning equipment originally installed and located within any pump room, mechanical room, fire control room, transformer room or electrical room or located elsewhere in the Project (whether or not utilized for or serving only one apartment).

j. The limited common elements described below.

"6. Limited Common Elements. Certain parts of the common elements, herein called and designated "limited common elements," are hereby set aside and reserved for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

a. The common elements of the Project which are rationally related to less than all of said apartments shall be limited to the use of such apartments.

b. The water heater closets located off of the corridor as shown on the Condominium Map, which shall be appurtenant to apartments 101, 103, 111 and 112, on the ground floor, and each apartment with an apartment number containing the last two digits 01, 02, 03, 09, 11 and 12 on floors 2 through 18 as shown on the Condominium Map; provided, however, that access to such water heater shall be subject to such rules established by the Association of Apartment Owners of 1448 Young St (hereinafter referred to as the "Association") from time to time. Each individual water heater located in a water heater closet shall not be a limited common element but instead shall be owned and maintained by the owner of the apartment to which that water heater is appurtenant.

c. The commercial apartment located in the Parking Structure designated as Apartment No. 2000 on the Condominium Map shall have appurtenant thereto and reserved for its exclusive use the entire basement area of the Residential Tower, including the corridor, the rooms designated Storage-1 through Storage-11 (including the room accessible only from Storage-11 which shall be considered a part of the area designated Storage-11) and the stairway located adjacent to Storage-11, as shown on Sheet 12 of the Condominium Map, and all fixtures, electrical, mechanical and air conditioning equipment, ducts, vents, shafts, drainage lines, water lines, pipes, conduits, cable and wiring, exclusively serving said basement area, excluding, however, the stairways designated as Stair No. 1 and Stair No. 2, the elevator lobby, the water heater closet and the elevator stop; provided, however, that the owner of the Apartment No. 2000 shall have the right at any time, in such owner's sole discretion and without the necessity of consent or approval by the Association, any apartment owner or any other person, to dedicate said basement area to the common area of the Project for the use and enjoyment of the Association, to be subject to the control of the Association.

d. The commercial apartments shall have appurtenant thereto and reserved for their exclusive use, the 3 foot by 6 foot concrete pad located between the Commercial Apartments, and Beretania Street, as shown on Sheet 2 of the Condominium Map, and all electrical, mechanical and air conditioning equipment, ducts, vents, shafts, drainage lines, water lines, pipes, conduits, cables and wiring exclusively serving said apartments.

e. The mailbox corresponding to the apartment number of each residential apartment, such mailbox being located in the mailroom of the Residential Tower, as shown on the Condominium Map.

"7. Percentage of Undivided Interest. Each apartment shall have appurtenant thereto an undivided interest in the common elements of the Project as shown in Exhibit C hereto (hereinafter referred to as the "common interest") and the same percentage share in all common profits and expenses of the common elements of the Project and, except as herein expressly provided for, the same percentage interest for all other purposes, including, without limitation, voting."

ENCUMBRANCES AGAINST TITLE

The encumbrances against title appearing in the Title Report dated November 13, 1998 are as follows:

1. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT	:	UNRECORDED DEVELOPMENT AGREEMENT
DATED:	:	March 12, 1997
PARTIES	:	THE CITY AND COUNTY OF HONOLULU, a municipal corporation of the State of Hawaii, and WALDRON VENTURES, a Hawaii general partnership

A SHORT FORM of said Development Agreement is dated March 12, 1997, filed as Land Court Document No. 2370284.

2. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the Lease dated March 12, 1997, as amended April 23, 1998 by and between City and County of Honolulu, a municipal corporation of the State of Hawaii, and Waldron Ventures, a Hawaii general partnership, a short form of which is dated March 12, 1997, filed as Land Court Document No. 2370286.

3. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT	:	JOINT DEVELOPMENT AGREEMENT
DATED	:	March 12, 1997
FILED	:	Land Court Document No. 2370287
PARTIES	:	WALDRON VENTURES, a Hawaii general partnership, and THE CITY AND COUNTY OF HONOLULU, a municipal corporation of the State of Hawaii

4. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in the following:

INSTRUMENT	:	RECIPROCAL EASEMENT AGREEMENT (PAWAA REDEVELOPMENT PROJECT)
DATED	:	- - - - (acknowledged March 3, 1997)
FILED	:	Land Court Document No. 2370288
PARTIES	:	WALDRON VENTURES, a Hawaii general partnership, and THE CITY AND COUNTY OF HONOLULU, a municipal corporation of the Sate of Hawaii

as amended by the following:

INSTRUMENT	:	FIRST AMENDMENT TO RECIPROCAL EASEMENT AGREEMENT (PAWAA REDEVELOPMENT PROJECT)
DATED	:	July 15, 1998
FILED	:	Land Court Document No. 2472457
PARTIES	:	WALDRON VENTURES, a Hawaii general partnership, and THE CITY AND COUNTY OF HONOLULU, a municipal corporation of the Sate of Hawaii

5. FIRST MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR	:	WALDRON VENTURES, a Hawaii general partnership
MORTGAGEE	:	GE CAPITAL HAWAII, INC., a Hawaii corporation
DATED	:	March 12, 1997
FILED	:	Land Court Document No. 2370289
AMOUNT	:	(1) $36,000,000.00 (the "Phase One" Loan), and (2) $22,000,000.00 (the "Phase Two" Loan)

CONSENT AND ESTOPPEL CERTIFICATE AND AGREEMENT dated and effective as of March 13, 1997, filed as Land Court Document No. 2370753, by THE CITY AND COUNTY OF HONOLULU, a municipal corporation of the State of Hawaii.

6. ASSIGNMENT OF LEASES AND RENTS dated March 12, 1997, filed as Land Court Document No. 2370290, made by WALDRON VENTURES, a Hawaii general partnership, to GE CAPITAL HAWAII, INC., a Hawaii corporation, assigning the entire lessor's interest in, to and under all of the leases described in Exhibit "A" attached thereto, and all other leases, space leases or rental agreements now or hereafter entered into, demising any space within said premises, as security for the repayment of those certain promissory notes in the amounts of $36,000,000.00 and $22,000,000.00, secured by that certain Mortgage filed as Land Court Document No. 2370289.

7. Vent from adjoining building protrude into Lot 18, as shown on survey map prepared by Alden S. Kajioka, Licensed Professional Land Surveyor, with Controlpoint Surveying, Inc., dated February 14, 1997.

Note: Items 5 and 6 will be released as to each individual condominium apartment prior to its initial conveyance.

18594.1

CONSTRUCTION WARRANTIES

Paragraph 21 of the Sales Contract and Deposit Receipt states as follows:

"**Covenants and Warranties of Seller and Buyer**. Seller and Buyer covenant and agree to the following:

a. The execution, delivery and recordation of Buyer's Apartment Lease shall constitute the assignment by Seller to Buyer of any and all warranties given to Seller by the contractors for the Project, if any, including, without limitation, any warranty of materials and workmanship against faulty or deficient materials and installation. Seller's general contractor shall give a warranty against construction defects for a one (1) year period from the date of substantial completion. The benefit of such warranties, if any, shall accrue to Buyer on closing without further instruments or documents.

b. BUYER ACKNOWLEDGES THAT SELLER HAS MADE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY OR WORKMANLIKE CONSTRUCTION WITH RESPECT TO THE APARTMENT, THE PROPERTY, ANY COMMON ELEMENT, LIMITED COMMON ELEMENT, OR ANYTHING INSTALLED THEREIN.

c. The Condominium Map for the Project which has been or will be recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii and the Real Estate Commission is intended only to show the layout, location, apartment numbers and dimensions of the apartments, approximate elevations of the Project and parking plans and any other detail which is specifically required to be shown under Section 514A-12 of the Act. Buyer acknowledges that the Condominium Map, consisting of the floor plans and elevations, is not intended to be and does not constitute any representation or warranty by Seller to construct or install any other improvements, amenities or facilities as may be depicted thereon. In no event shall the building plans and specifications or any artist's renderings or models constitute a representation or warranty by Seller.

d. Buyer has examined and approved the estimate of monthly maintenance charges and assessments for the Apartment as shown in the Public Report for the Project. Seller makes no promise or warranty about the accuracy of those amounts. Buyer understands that those amounts are only estimates and may change for many reasons. Buyer accepts and approves any changes in such estimate made by Seller or the Managing Agent."

15362.1

EXHIBIT K

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment		Monthly Fee x 12 months =	Yearly Total
STUDIOS----------	33 UNITS	$144/Unit/Month	$ 57,024
1 BEDROOM---------	62 UNITS	$155/Unit/Month	$115,320
2 BEDROOM---------	95 UNITS	$195/Unit/Month	$222,300
3 BEDROOM---------	10 UNITS	$220/Unit/Month	$ 26,400
COMMERCIAL--------	2 UNITS	$278/Unit/Month	$ 6,672

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		
[x] common elements only	$5,000	$ 60,000
[ ] common elements and apartments		
Elevator	1,500	18,000
Gas		
[ ] common elements only		
[ ] common elements and apartments		
Refuse Collection	1,200	14,400
Telephone	300	3,600
Water and Sewer	7,500	90,000
Maintenance, Repairs and Supplies		
Building	800	9,600
Grounds	500	6,000
Management		
Management Fee	2,300	27,600
Payroll and Payroll Taxes	5,990	71,880
Office Expenses	250	3,000
Insurance	3,750	45,000
Reserves(*)	1,203	14,436
Taxes and Government Assessments		
Audit Fees	250	3,000
Other		
Parking Structure Maintenance	5,100	61,200
TOTAL	$35,643	$427,716

I, JOE ACOHIDO, as agent for/and/or employed by CITY PROPERTIES, INC., the condominium managing agent/developer for the 1448 Young St 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.

Signature

May 11, 1998
Date

(*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514A-83.6, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

NOTE TO EXHIBIT K

The calculation of reserves in this Estimate of Maintenance Fee Disbursement is not based on a reserve study conducted by the Developer or Managing Agent. A reserve study to determine the necessary funding of reserves pursuant to Section 514A-83.6, H.R.S., and Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended, shall be conducted after the completion of construction of the Project and during the first year of occupancy.

NOTE TO EXHIBIT K

SUMMARY OF THE PERTINENT PROVISIONS OF THE SALES CONTRACT

A specimen Sales Contract and Deposit Receipt ("the Contract") has been submitted to the Real Estate Commission. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE CONTRACT IN FULL, since this summary is NOT A COMPLETE DESCRIPTION of its provisions. The Contract, among other things, covers in more detail the following items:

1. If at the time of execution of the Contract by Buyer and Seller, an effective date for a Final Public Report for the Project has not been issued by the Real Estate Commission, the Contract shall not be legally binding upon either Buyer or Seller. In such event, the Contract shall constitute only a "reservation," and not a binding contract and Seller shall have no obligation to sell and Buyer shall have no obligation to buy the Apartment described above. UNTIL THE EFFECTIVE DATE FOR THE FINAL PUBLIC REPORT, THE CONTRACT CONSTITUTES A RESERVATION AND IT MAY BE TERMINATED AT ANY TIME, WITH OR WITHOUT CAUSE, AT THE OPTION OF EITHER PARTY, BY WRITTEN NOTICE OF SUCH TERMINATION TO THE OTHER PARTY.

2. Buyer agrees to deliver to Seller or to Buyer's lender within five (5) days of acceptance of the contract (a) a financial statement certified by Buyer to be true and accurate as of the date of such delivery, in form and content sufficient to fully disclose Buyer's financial circumstances as of the date of delivery, including, without limitation, the identification and the reasonably accurate valuation of any assets as of the date of delivery, (b) a completed owner-occupant loan application to one or more lending institutions, if Buyer requires financing, and (c) any other information required by Seller.

3. Seller, in its sole discretion, may elect to cancel the Contract if (a) Buyer's application or eligibility for a mortgage loan is rejected or Buyer does not obtain loan approval within fifty (50) calendar days of acceptance of the Contract; (b) Buyer fails to provide full and complete financial information; (c) Seller, in its sole discretion, after reviewing Buyer's financial information determines that Buyer is unable to finance the purchase; (d) Seller is unable to make seventy percent (70%) of the apartments in the Project available to purchase by Owner-Occupant Purchasers as is required by Seller's lender; or (e) Buyer does not intend to be an Owner-Occupant of the Apartment.

4. The estimated project completion date and the closing dates are as described in the Contract.

5. Buyer may be required to prepay maintenance fees, real property taxes, and a non-refundable Project start-up fee as more particularly described in the Contract.

6. Buyer shall have sixty (60) days to inspect the project documents and cancel the Contract if such documents are not satisfactory to buyer. Buyer's right to inspect the Apartment is limited and is more particularly described in the Contract.

7. Buyer specifically acknowledges and accepts certain enumerated conditions regarding on-going development and marketing of the project stated in the Contract as well as any inconvenience or annoyance which Buyer may experience as a result of such conditions, and expressly waives any rights, claims or action which Buyer might otherwise have against Seller or third parties as a result of such circumstances.

8. After the later of the issuance of the Effective Date of the Final Public Report or the expiration of Buyer's sixty (60) day document review period, Buyer shall have the right to rescind the Contract only if there is a material change in the Project which directly, substantially and adversely affects the use or value of (a) Buyer's Apartment or appurtenant limited common elements, or (b) the amenities of the Project available for Buyer's use. Waiver of such right is governed more specifically by the terms of the Contract and by law.

9. Seller shall have certain rights and remedies against Buyer in the event Buyer fails to perform any of the terms and conditions of the contract, including failure to comply with the pre-closing and closing requirements, as more particularly described in the contract, including the right to retain Buyer's deposit and the right to other actual and liquidated damages, the right to specifically enforce the Contract, and the right to charge late fees on amounts past due.

10. The execution, delivery and recordation of Buyer's condominium conveyance document shall constitute the assignment by Seller to Buyer of any and all warranties given to Seller by the contractors for the Project, if any, including, without limitation, any warranty of materials and workmanship against faulty or deficient materials and installation. The benefit of such warranties, if any, shall accrue to Buyer on closing without further instruments or documents. BUYER ACKNOWLEDGES THAT SELLER HAS MADE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY OR WORKMANLIKE CONSTRUCTION WITH RESPECT TO THE APARTMENT, THE PROPERTY, ANY COMMON ELEMENT, LIMITED COMMON ELEMENT, OR ANYTHING INSTALLED THEREIN.

11. Buyer may not assign Buyer's rights hereunder without Seller's prior written consent, which consent may be withheld by any reason whatsoever in its sole discretion.

ALL BUYERS SHOULD READ THE SALES CONTRACT IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE SALES CONTRACT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE SALES CONTRACT, AND DOES NOT ALTER OR AMEND THE SALES CONTRACT IN ANY MANNER. IF ANY PROVISIONS OF THIS SUMMARY CONTRADICT THE PROVISIONS CONTAINED IN THE SALES CONTRACT IN ANY WAY, THE PROVISION OF THE SALES CONTRACT SHALL OVERRIDE THE PROVISIONS OF THIS SUMMARY.

15364.3

SUMMARY OF THE PERTINENT PROVISIONS OF THE ESCROW AGREEMENT

A copy of the Escrow Agreement between the Seller and Title Guaranty Escrow Services, Inc. ("Escrow") has been submitted to the Real Estate Commission. The Escrow Agreement, among other things, covers in more detail the following items:

1. Seller shall deliver an executed copy of such Sales Contract to Escrow. Each Sales Contract shall be accompanied by the initial deposit required thereunder and the Owner-Occupant affidavit in the form approved by the Real Estate Commission.

2. Seller shall pay Escrow monies received from Purchasers under Sales Contracts covering apartments in the Project. Escrow shall receive and hold in escrow and disburse funds as set forth in detail in the Escrow Agreement. Escrow shall deposit all funds so received in an account at a federally insured bank, savings and loan association or other financial institution that pays interest on deposits. Except for specific circumstances stated in the Escrow Agreement, any interest earned on funds deposited in escrow under this Agreement shall accrue to the credit of Seller.

3. No disbursements of funds held in escrow shall be made unless and until, among other conditions, (a) an effective date for such Final Public Report has been issued; and (b) the Purchaser has been given a copy of said Final Report and shall have acknowledged receipt of same or shall have been deemed to have acknowledged receipt of same and Seller's attorney shall have delivered a written opinion to Escrow that the Purchaser's Sales Contract has become effective; and (c) Seller shall have complied with the owner-occupant pre-sale law.

4. Notwithstanding the foregoing, subject to certain provisions of the Escrow Agreement, upon the written request of Seller, Escrow shall make disbursements from the escrow fund to pay for construction costs incurred by Seller. The balance of all escrow funds shall be paid to Seller, on order, after the lapse of forty-five (45) days from the filing of the Affidavit of Publication of Notice of Completion unless any notice of a mechanic's or materialmen's lien has been filed against the property, in which case Escrow shall retain sufficient funds to release such a lien.

5. A Purchaser shall be entitled to a return of funds and Escrow shall pay such funds to such Purchaser, without interest, if any one of the following has occurred: (a) Seller and the Purchaser shall have together requested Escrow in writing to return to the Purchaser the funds of the Purchaser held hereunder by Escrow; or (b) Seller shall have notified Escrow of Seller's exercise of the option to cancel or rescind the Sales Contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Seller where such option or request of cancellation or rescission is not based upon a default by the Purchaser under the Sales Contract; or (c) the Purchaser

has exercised such Purchaser's right to cancel or rescind the contract pursuant to the Condominium Act.

A Purchaser shall also be entitled to a return of funds and Escrow shall pay such funds to such Purchaser, without interest if no Sales Contract has been offered to the prospective Purchaser within six months of the issuance of an effective date for the first public report or of the public lottery (as applicable), or (b) the prospective Owner-Occupant has requested to be removed from the final reservation list; or (c) the prospective Purchaser has elected not to execute a Sales Contract; or (d) the prospective Purchaser has not obtained adequate financing, or a commitment for adequate financing, within fifty (50) calendar days after Seller's execution and acceptance of the Sales Contract.

In the event of a default by Purchaser under the Purchase and Sale Agreement, Escrow shall disburse Purchaser's deposit to Seller.

6. Except for the Sales Contracts and any note and mortgage that is to be closed by the mortgagee thereof, Escrow shall promptly and diligently arrange for and supervise the execution of all documents related to the Project and shall promptly, and diligently close the transactions and perform such services as are necessary or proper therefor, in the manner established in the Escrow Agreement.

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

14972.3

ADDITIONAL RESERVED RIGHTS OF DEVELOPER

1. Paragraph 8 of the Declaration states in part as follows:

"f. Declarant, its agents, employees, contractors, licensees, successors and assigns shall have the right to conduct extensive sales activities on the Project, including, without limitation, the use of model apartments, sales and management offices, and extensive sales displays and activities until the earlier of five (5) years from the date of recordation of this Declaration or the closing of the sale of the last unsold apartment in the Project.

"g. Declarant, its agents, employees, contractors, licensees, successors and assigns shall have an easement over, under and upon the Project as may be reasonably necessary for the completion of improvements to and correction of defects in the Project for a period of five (5) years from the date of recordation of this Declaration.

"h. For a period of five (5) years from the date of recordation of this Declaration, Declarant, its agents, employees, contractors, licensees, successors and assigns shall have an easement over, under and upon the Project or any portion thereof, to create and cause noise, dust and other nuisances created by and resulting from any work connected with or incidental to the development, construction and sale of any apartment or other improvements in the Project, and in connection with the development, construction, and sale of any improvement in the Pawaa Redevelopment Project as herein provided, and each apartment owner, lessee, mortgagee, lien holder or other person with an interest in the Project waives any right, claim or action which such person may have or acquire against Declarant, its agents, employees, contractors, licensees, successors and assigns as a result of such activity or activities.

"i. For a period of five (5) years from the date of recordation of this Declaration, Declarant shall have, incidental to the development and construction of the Project, including, without limitation, the development of any part of the Pawaa Redevelopment Project as herein provided, the right to designate and grant easements, exclusive or nonexclusive, for electrical, gas, telephone, cable television, communications and other utility purposes, and easements for sanitary sewer, drainage and drainline, waterline, and flowage purposes over, under, across, along, upon and through the Project, together with the right to realign such easements, and together also with the rights of reasonable access thereto in connection with the exercise of said easement rights; provided, however, that such easement rights must be exercised in such manner as to not unreasonably interfere with the use of the Project by the apartment owners and those claiming by, through or under the apartment owners; and, provided further, that, in connection with the installation, maintenance or repair of any facilities pursuant to any of said easements, such facilities shall be promptly restored by and at the expense of the person owning and exercising such easement rights to substantially the same condition as was the Project immediately prior to the exercise thereof. Each and every party

acquiring an interest in the Project, by such acquisition, consents to such granting and/or realignment of easements and/or rights of way as provided in this paragraph and to the recordation of any and all documents necessary to effect the same, including any amendment or amendments of this Declaration; agrees to execute such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints Declarant, its successors and assigns as such party's attorney-in-fact with full power of substitution to execute such documents and instruments and to do such things on such party's behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be affected by the disability of such party or parties."

2. Developer reserves the right to retain or acquire the ownership of any number of apartments in the Project. Developer shall be entitled to make such use of the apartments retained or acquired as Developer in its sole discretion, sees fit; provided that Developer shall comply with all rules and regulations established for the governance of the Project.

3. Developer shall have the right to repurchase an apartment from an apartment owner for a period of five (5) years from the date this Declaration is recorded upon the following terms and conditions, if and only if an apartment owner shall have made a complaint to Developer about the physical condition of such apartment owner's apartment or the Project or any matter in connection with the apartment or the Project and Developer after a good faith and diligent effort shall be unable to rectify the complaint to such apartment owner's satisfaction within a reasonable period of time, as determined by Developer in the exercise of its sole discretion. The exercise of said option shall be as more particularly set forth in paragraph 25 of the Declaration.

4. Paragraph 19 of the Sales Contract states in part as follows:

"a. Seller, its agents and Seller's mortgage lender have reserved the right and easement to conduct extensive activities on or from the Project, including the common elements, in connection with the sale or leasing of the Apartments in the Project, including the use of model apartments, sales, leasing and management offices, parking stalls and extensive sales and leasing displays and other activities. These rights and easements may exist until all of the apartments in the Project are sold or leased.

"b. Seller has reserved the right to grant rights-of-way and other easements over, under, across, or through the common elements for any reasonable purpose; provided, however, that such right is subject to, and may not be exercised in any manner which is inconsistent with, in derogation of or which would limit, abrogate or interfere with, the exclusive use of any limited common elements or any rights or easements reserved in favor of any owner.

"c. Seller has reserved an easement over and upon any portion of the Project, including the common elements and any Apartment, as may be reasonably necessary for the completion of any

improvements to and correction of defects and other punch-list items in the common elements or any apartment in the Project.

"d. Seller is developing a condominium project on the property that is adjacent to the Project which project shall share and jointly use some common facilities and spaces of the Project including a parking structure. Seller has reserved such easements over, under, through, and across the Project as may be necessary for the reasonable and orderly development of the adjacent property and integration of the common facilities provided such easements shall not interfere with the use and enjoyment of the Apartment and the limited common elements appurtenant thereto.

"e. Seller shall have the right to repurchase the Apartment from Buyer upon the terms and conditions as set forth in the Declaration. This right shall include the right to exercise this option to repurchase if and only if Buyer shall have made a complaint to Seller about the physical condition of Buyer's apartment or the Project or any matter in connection with the apartment or the Project and Seller shall be unable to rectify the subject matter of the complaint to Buyer's satisfaction within a reasonable period of time, as determined by Seller in the exercise of its sole and absolute discretion."

5. Buyer shall acknowledge the following conditions in paragraph E.17 of the Sales Contract:

"a. Seller's Right to Make Changes.

(1) At any time prior to the conveyance of all of the apartments in the Project to persons other than Seller or any mortgagee of Seller, Seller reserves the right to modify the Project Documents as may be required by law, the Real Estate Commission, a title insurance company, an institutional mortgagee or any governmental agency and Buyer authorizes Seller to make and specifically approves all changes to said documents and the Project.

(2) Seller reserves the right to amend or change the common interest appurtenant to, the limited common interest assigned to, the configuration of, the number of rooms of, the size of or the location of any apartment in the Project for which an apartment lease has not been recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

(3) Seller reserves the right to require alterations of the Project (and to modify any of such Project Documents accordingly) to change the configuration of, to alter the number of rooms of, to decrease or increase the size of, or to change the location of any other apartment and/or parking area, and to make other minor changes in Buyer's Apartment, any of the other apartments, or the common elements.

(4) Buyer acknowledges that the Project architect in its sole discretion may: (i) make any changes it deems appropriate in the common elements of the Project (including

without limitation the lobbies, the Project landscaping, the parking areas, whether such changes relate to financial or aesthetic considerations) and (ii) may increase or decrease the thickness of any foundation, wall, column or floor slab within or outside the Apartment resulting in the room dimensions becoming smaller or larger than those shown on the Condominium Map, or resulting in a building height or elevation different from those shown on the Condominium Map or stated in the Declaration. The Project architect may make changes necessary to correct any design errors or other shortcomings; and the Project architect may vary the type of window glass and install different types of glass throughout the Project to achieve the best combination of energy savings and aesthetics. Buyer hereby authorizes and specifically approves any such changes.

(5) Seller reserves the right to deviate from the plans and specifications for the Project and to substitute materials of equal utility and service, without Buyer's consent or approval, subject, however, to the above provisions. Seller may increase or decrease the number of parking stalls.

(6) Buyer hereby irrevocably appoints Seller Buyer's attorney-in-fact, coupled with an interest, to execute any documents reasonably necessary or convenient to implement the foregoing provisions and any requirements which may be imposed by any governmental agency in connection with the Project.

(7) Notwithstanding subparagraphs E.17.a(1), (2), (3) or (4) above, any such modification shall be subject to Buyer's right to rescind pursuant to paragraph E.18 herein and to Section 514A-63 of the Act.

"b. The Declaration and the Condominium Map as the Only Description of the Apartment and Project. Buyer acknowledges that this sale of the Apartment may be a "pre-sale", i.e., a sale of a condominium apartment in a project which is yet to be built and which has not been completed. Buyer expressly agrees that the description of the Apartment, as contained in the Declaration and the Public Report(s), is intended to be the sufficient and the definitive description, as against any other map, artist's rendering or other descriptive document. The Apartment, therefore, is being purchased with reliance solely on the description contained herein, in the Declaration and Public Report(s) and on the Condominium Map (without regard to any other portions of the plans and specification of the Project), as hereinafter set forth. Buyer acknowledges that the version of the Condominium Map on file at the Real Estate Commission at the time of the issuance of a Preliminary Public Report, if applicable, may be a preliminary version and that the final version of the Condominium Map will be filed with the Real Estate Commission and recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii prior to the issuance of the Final Public Report. Buyer agrees to accept modifications in the specifications and design both before and after the Effective Date as long as the overall value of the Property is maintained. Buyer is aware that in the course of construction, changes will be made to plans and specifications, and acknowledges Seller's rights to make such changes

both before and after the Effective Date, in Seller's discretion, subject only to any right to cancellation and refund as may be provided in paragraph E.18 of this Agreement and by Section 514A-63.

"c. Conditions Acknowledged by Buyer. Buyer specifically acknowledges and accepts the following conditions, as well as any inconvenience or annoyance which Buyer may experience as a result of such conditions, and expressly waives any rights, claims or action which Buyer might otherwise have against Seller or third parties as a result of such circumstances:

(1) There may be continuing and ongoing development of other portions of the Project. Buyer acknowledges that construction activity by Seller and others may continue within the Project, and in other areas nearby the Project even after Buyer has occupied the Apartment, and that such activity may result in noise, dust or other annoyances to Buyer. Buyer hereby irrevocably agrees to suffer and permit all actions and consequences incidental to such continuing development.

(2) Other apartments in the Project (including apartments similar or comparable to Buyer's Apartment) may be sold by Seller to other buyers upon terms and conditions different from or more favorable than the terms and conditions offered to Buyer. Buyer agrees to release Seller from any claim arising therefrom and waives any right to require any change in any of the terms and conditions of this Agreement on account thereof.

(3) The Project is to be provided with a professionally designed security system which is intended to discourage access to the Project by unauthorized persons without undue inconvenience to authorized residents and guests. Despite the foregoing, Buyer understands that neither the Association nor Seller shall in any way be considered insurers or guarantors of safety or security within the Project, and neither the Association nor Seller shall be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

(4) It is possible that construction of the residential apartments in the Project may be completed before completion of portions of the common elements. Notwithstanding that construction of certain common elements may not be completed, Buyer understands and agrees that Buyer may be required to close on Buyer's purchase of the Apartment if the other conditions of purchase are met."

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RESTRICTIONS

The following restrictions shall be binding upon the apartment owner or owners (hereinafter, collectively, "the Apartment Owner") purchasing an apartment in the 1448 Young St Condominium Project ("the Apartment") and will be attached as Exhibit B to and incorporated in each CONDOMINIUM UNIT CONVEYANCE, GROUND LEASE AND PARTIAL RELEASE OF DEVELOPMENT LEASE. These restrictions shall also bind each of such Apartment Owner's heirs, personal representatives, successors, successors in trust and assigns, and also upon each and every occupant of the Apartment and shall be an encumbrance running with the Project and the land upon which the Project is situated:

A. RESTRICTION PERIOD

1. **Term of Restriction**. The restrictions on transfer and occupancy set forth in Sections B and C below shall be in force and effect for a period of three (3) years from the date the Condominium Unit Conveyance, Ground Lease and Partial Release of Development Lease to which this Exhibit B is attached, or an Agreement of Sale for the Apartment, is filed with the Office of the Assistant Registrar of the Land Court of the State of Hawaii ("the Three Year Restriction Period").

2. **Expiration of the Restrictions**. After the end of the Three Year Restriction Period, the Apartment Owner, or the Apartment Owner's successors and assigns may sell, lease or assign the Apartment free from any restrictions on transfer and occupancy.

B. RESTRICTIONS ON TRANSFER

1. **Option to Purchase**. At any time during the Three Year Restriction Period, if the Apartment Owner elects to transfer title to the Apartment or elects not to occupy the Apartment, the Department of Housing and Community Development of the City and County of Honolulu, or its successor government agency ("the City") shall have the first option to purchase the Apartment, to be exercised upon the conditions set forth herein at a price set forth in Section A.2. below.

2. **Option Purchase Price**. In the event the City exercises its option to purchase the Apartment, the purchase price paid to the Apartment Owner shall be the sum of the following ("the Option Purchase Price"):

(a) the original cost to the Apartment Owner, as defined in rules adopted by the City;

(b) the cost of any improvements added by the Apartment Owner, as defined in rules adopted by the City; and

(c) simple interest on the original cost and improvements to the Apartment Owner at the rate of one percent (1%) a year.

3. **Exercise of Option**. In the event the Apartment Owner desires to transfer any interest in the Apartment during the Three Year Restriction Period, the Apartment Owner shall provide the City with written notice of such desire, which written notice shall include the amount of the Option Purchase Price together with documentation reasonably satisfactory to the City to enable the City to verify the amount of the Option Purchase Price. The City shall exercise its option to purchase no later than thirty (30) days after receipt by the City of the such written notice and documentation by sending written notice of such exercise to the Apartment Owner within said thirty (30) day period.

If the City affirmatively waives or declines to exercise, or does not timely send a written notice of intent to exercise its option to purchase, the Apartment Owner shall be entitled to transfer any interest in the Apartment, subject only to the condition that the Apartment Owner transfer the Apartment to a Qualified Purchaser (hereinafter defined) who shall be an owner-occupant for the remainder of the Three Year Restriction Period.

In the event the City exercises its option, the City may purchase the Apartment either (a) by conveyance free and clear of all mortgages and liens, after all mortgages and liens are released; or (b) by conveyance subject to existing mortgages and liens, first mortgage created for the purpose of securing the payment of a loan of funds expended solely for the original purchase of the Apartment, and any mortgage or lien created for any other purpose provided that the City has previously consented to it in writing. In the case of (b) above, the amount paid by the City to the Apartment Owner shall be the difference, if any, between the Option Purchase Price and the total of the outstanding principal balances of the mortgages and liens assumed by the City.

4. **Refinancing Permitted**. The Apartment Owner may refinance the financing of the Apartment, and such refinancing shall not be considered a "transfer of title" for purposes of giving the City the right to exercise its option; provided, however, that the Apartment Owner shall not refinance the Apartment for an amount in excess of the Option Purchase Price during the Three Year Restriction Period.

5. **Resale Conditions**. During the Three Year Restriction Period, if the original Apartment Owner elects to transfer title to the Apartment or elects not to occupy the Apartment, and if the City does not exercise the option to purchase the Apartment set forth in paragraph B.1 above, then the Apartment Owner shall be permitted to sell the Apartment only to a Qualified Purchaser (as defined in Section D below) in an appropriate income group at a price established by the City.

6. **Waiver and Release of Restrictions on Transfer**. The City may waive or release the restrictions on transfer set forth in Section B if:

(a) The Apartment Owner wishes to transfer to the Apartment by devise or through the laws of descent to a family member who would otherwise qualify under rules established by the City;

(b) The sale or transfer of the Apartment would be to a Qualified Purchaser at a price that is affordable to a Qualified Purchaser as established by the City;

(c) The Apartment is financed under a federally subsidized mortgage program and the restrictions would jeopardize the federal government's ability to recapture any interest credit subsidies provided to the Apartment Owner; or

(d) It is necessary to comply with or conform to requirements set forth in any federal law or regulation governing mortgage insurance or guaranty programs or requirements set forth by federally chartered secondary mortgage market participants.

C. RESTRICTIONS ON OCCUPANCY

1. **Owner-Occupancy Requirement**. The Apartment shall be occupied by the Apartment Owner at all times during the Three Year Restriction Period. At the time of purchase of the Apartment, the Apartment Owner shall have been a Qualified Purchaser.

2. **Temporary Waiver of Owner-Occupancy Requirement**. The City may waive the owner-occupancy requirement in hardship circumstances where the inability to reside in the Apartment arises out of unforeseeable job or military transfer, a temporary education sabbatical, serious illness of the person, or in such other hardship circumstances as may be reasonably determined by the City on a case by case basis. In no event shall the owner-occupancy requirement be waived for a total of more than ten (10) years after the original purchase of the Apartment. During the period of such waiver, the Apartment may be rented or leased by the Apartment Owner and, in such case, the renting or leasing of the Apartment shall not be a "transfer of title" invoking the City's option to purchase the Apartment. Waivers may be granted only if the Apartment Owner has paid resident state income taxes during all years in which they occupied the dwelling and upon condition that the Apartment Owner continue to pay resident state income taxes during the waiver period and that the Apartment Owner's inability to reside in the Apartment does not stem from a natural disaster. In the event the owner-occupancy requirement is temporarily waived pursuant to this paragraph, the Three Year Restriction Period shall be extended by one month for every month or fraction thereof that the owner-occupancy requirement is waived. If the Apartment Owner fails to reoccupy a dwelling unit after any waiver period, the City shall have the right to exercise the option to repurchase the Apartment as provided herein.

3. **Violation of Owner-Occupancy Requirement**. From time to time the City may submit a verification of owner-occupancy form to the Apartment Owner. Failure to respond

to the verification in a timely manner or violation of the owner-occupancy requirement shall be grounds for the City to exercise its option to purchase the Apartment as provided in Section B above.

4. **Waiver and Release of Owner-Occupancy Requirements**. The City may waive or release the owner-occupancy requirements set forth in this Section C:

(a) If the Apartment is financed under a federally subsidized mortgage program, in which case the owner-occupancy prescribed herein shall terminate and shall not attach in subsequent transfers of title; or

(b) In order to comply with or conform to requirements set forth in federal laws or regulations governing mortgage insurance or guarantee programs or requirements set forth by federally chartered secondary mortgage market participants.

D. **QUALIFIED PURCHASER**

Qualified Purchaser Defined. A Qualified Purchaser of the Apartment shall be as follows:

(a) A Qualified Purchaser must be a citizen or permanent resident of the United States whose residency is within the State of Hawaii.

(b) A Qualified Purchaser must be at least eighteen (18) years of age.

(c) A Qualified Purchaser must agree to maintain the apartment as the Qualified Purchaser's principal residence in the apartment for a period of three (3) years from the date of the original purchase.

(d) A Qualified Purchaser must have a gross household income sufficient to qualify for a loan to finance the purchase.

(e) A Qualified Purchaser: (i) is a person who either oneself or together with spouse or household member, does not own more than one percent (1%) interest in fee simple or leasehold lands suitable for dwelling purposes or more than a one percent (1%) interest in lands under any trust agreement or other fiduciary arrangement in which another person holds the legal title to the land; and (ii) is a person whose spouse or household member does not own more than a one percent (1%) interest in fee simple or leasehold lands suitable for dwelling purposes or more than a majority interest in lands under any trust agreement or other fiduciary arrangement in which another person holds the legal title to the land, except when husband and wife are living apart under a decree of separation from bed and board issued by the family court pursuant to Section 580-71, Hawaii Revised Statutes.

(f) A Qualified Purchaser must never have purchased a dwelling unit from the City and County of Honolulu or State of Hawaii, or have been assisted in an affordable housing program sponsored or administered by the City and County of Honolulu or State of Hawaii. However, upon application by a person who has previously purchased such dwelling unit, the City may allow such person to reapply, provided the sale of such person's first dwelling was caused by extreme hardship such as family death, divorce, loss of employment or disability.

(g) A Qualified Purchaser must not have concurrently applied to another project sponsored by the City and County of Honolulu. A Qualified Purchaser may have applied for other projects concurrently if those projects are not sponsored by the City and County of Honolulu.

(h) A Qualified Purchaser must have a household income that is consistent with the City's affordable income guidelines as of the date the Qualified Purchaser applies for certification of eligibility. "Household(s)" shall mean (i) two or more persons who regularly live together and who are related by blood, marriage, or by operation of law, (ii) a single person, (iii) a live-in, non-related aid living with an elderly or disabled person, who is determined to be essential to the care and well being of that person as is certified by a physician, or (iv) two or more unrelated persons who currently live together and will live together in the dwelling unit. Qualified Purchasers claiming household size by reason of pregnancy must present a doctor's certificate at the time of qualification.

E. **MISCELLANEOUS**

1. **Priority of Liens**. The restrictions set forth in this Exhibit shall constitute a lien on the Apartment and shall be superior to any other mortgage or lien except for:

(a) Any first mortgage created for the purpose of securing the payment of a loan of funds expended solely for purchase of the Apartment by the Apartment Owner;

(b) Any mortgage of the Apartment insured or held by a federal housing agency; and

(c) Any mortgage of or lien on the Apartment created for any other purpose provided that the City has previously consented to it in writing.

2. **Mortgagee Protection**. The restrictions imposed by this Exhibit shall be automatically extinguished and shall not attach in subsequent transfers of title when a mortgage holder or other party becomes the owner of the Apartment pursuant to a mortgage foreclosure, foreclosure under power of sale, or a conveyance in lieu of foreclosure after a foreclosure action is commenced; or when a mortgage is assigned to a federal housing agency. Any law to the contrary notwithstanding, a mortgagee under a mortgage covering the Apartment or leasehold interest therein, shall notify the City in writing of (1) any default of the mortgagor under the mortgage within ninety

(90) days after the occurrence of the default, and (2) any intention of the mortgagee to foreclose the mortgage under Chapter 667, Hawaii Revised Statutes, prior to commencing mortgage foreclosure proceedings; provided that the mortgagee's failure to provide such written notice to the City shall not affect such holder's rights under the mortgage. The City shall be a party to any foreclosure action, and shall be entitled to all proceeds remaining in excess of all customary and actual costs and expenses of transfer pursuant to default, including liens and encumbrances of record; provided that the person in default shall be entitled to an amount which shall not exceed the sum of the cost of any improvements added to the Apartment plus one percent (1%) per annum simple interest on the same.

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