CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer CASTLE & COOKE HOMES HAWAII, INC.
Address 650 Iwilei Road, P. O. Box 2780, Honolulu, Hawaii 96817
Project Name(*): LALEA AT HAWAII KAI – PHASE IV
Address: 7176, 7180, 7182, 7188, 7190, 7196 and 7200 Hawaii Kai Drive, Honolulu, Hawaii 96825

Registration No. 4077

Effective date: December 31, 1998
Expiration date: January 31, 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:

X **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.

_ **CONTINGENT FINAL: (green)** — The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date. Contingent Final public reports may not be extended or renewed.
[ ] No prior reports have been issued.
[ ] This report supersedes all prior public reports.

_ **FINAL: (white)** — The developer has legally created a condominium and has filed complete information with the Commission.
[ ] No prior reports have been issued.
[ ] 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

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.

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

[ ] Changes made are as follows:

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revise d 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 buildings) 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 buildings) 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:
Castle & Cooke Homes Hawaii, Inc.
Name
650 Iwilei Road, P. O. Box 2780
Business Address
Honolulu, Hawaii 96817
Phone: (808) 548-4811 (Business)

Names of officers or general partners of developers who are corporations or partnerships:
See Page 5a

Real Estate Broker:
Developer
Name
Business Address
Phone: (808) 548-4811 (Business)

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

General Contractor:
Coastal Construction Company, Inc.
Name
1900 Hau Street
Business Address
Honolulu, Hawaii 96819
Phone: (808) 847-3277 (Business)

Condominium Managing Agent:
Touchstone Properties, Ltd.
Name
567 S. King Street, Suite 178
Business Address
Honolulu, Hawaii 96813
Phone: (808) 521-6500 (Business)

Attorney for Developer:
Goodsill Anderson Quinn & Stifel
(Gail O. Ayabe)
Name
1099 Alakea Street, 18th Floor
Business Address
Honolulu, Hawaii 96813
Phone: (808) 547-5600 (Business)

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

Wallace Miyahira	Chief Executive Officer and President
Kevin R. Shaney	Senior Vice President and Secretary
Edward C. Roohan	Senior Vice President, Treasurer and Assistant Secretary
Beverly Garcia	Senior Vice President, Controller and Assistant Secretary
Harry A. Saunders	Senior Vice President and General Manager
Richard K. Mirikitani	Vice President and Assistant Secretary
Michael Y. W. Lum	Vice President-Project Management/Design
Roland R. Kim	Vice President-Acquisitions
Alan K. Arakawa	Vice President-Construction and Engineering
Rosalinda Oasay	Assistant Treasurer

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:

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

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:

[X] Proposed
[ ] Recorded - Bureau of Conveyances Condo Map No. _____
[ ] Filed - Land Court Condo Map No. _____

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:

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

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:

[X] Proposed [ ] Adopted [ ] Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

	Minimum Set by Law	This Condominium	**The Developer's written consent also is required to amend any provision that gives the Developer any right or authority.
Declaration (and Condo Map)	75%*	75%**	
Bylaws	65%	65%	
House Rules	---	Majority of the 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.

The approval of eligible holders of first mortgages on apartments to which at least 51% of the common interests subject to a mortgage are appurtenant shall be required to make certain amendments to the Declaration and By-Laws.

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:

The Developer may amend the Declaration, By-Laws and Condominium Map (a) at any time prior to the recording of the first apartment conveyance to a party not signatory to the Declaration; (b) to make any amendments required by law, by the Real Estate Commission of the State of Hawaii, by any title insurer issuing title insurance on the Project or any of the apartments, by any institutional lender lending funds on the security of the Project or any of the apartments, or by any governmental agency; (c) to file the "as built" verified statement required by Section 514A-12, HRS; (d) to change the designation of parking stalls which are appurtenant to apartments owned by the Developer; (e) to reflect alterations of the Project which the Developer is permitted to make pursuant to Paragraph 3 of Section R of the Declaration; (f) at any time to effect the changes provided in the Declaration of Merger of Condominium Phases referred to in Section S of the Declaration, including the right to merge the Project with "LALEA at Hawaii Kai - Phase I", "LALEA at Hawaii Kai - Phase II" and/or the Additional Phases (as said terms are defined in the Declaration of Merger).

III. THE CONDOMINIUM PROJECT

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

[X] 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 provisions.

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

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

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

For Sub-leaseholds:

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

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

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

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

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

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

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

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

[ ] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the 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: 7176, 7180, 7182, 7188, 7190, 7196 and 7200 Hawaii Kai Drive, Honolulu, Hawaii 96825 Tax Map Key (TMK): (1)3-9-008-62

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

Land Area: 5.512 [ ] square feet [X] acre(s) [ ] Zoning: A-2

Fee Owner: Castle & Cooke Homes Hawaii, Inc.
Name

650 Iwilei Road, P. O. Box 2780
Address

Honolulu, Hawaii 96817

Lessor: _____
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: 6 Floors Per Building 2

[ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

[ ] Concrete [ ] Hollow Tile [X] Wood

[X] Other galvanized light gauge steel, gypsum board, hardboard siding, asphalt shingles, glass and other allied construction materials

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
[X] Residential	64	[X] Yes [ ] No	[ ] Ohana	____	[ ] Yes [ ] No
[ ] Commercial	____	[ ] Yes [ ] No	[ ] Industrial	____	[ ] Yes [ ] No
[ ] Mix Res/Comm	____	[ ] Yes [ ] No	[ ] Agricultural	____	[ ] Yes [ ] No
[ ] Hotel	____	[ ] Yes [ ] No	[ ] Recreational	____	[ ] Yes [ ] No
[ ] Timeshare	____	[ ] Yes [ ] No	[X] Other: Boat Parking	3	[X] 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 animals allowed, except that dogs, cats and other household pets (as determined by the Board of Directors) in reasonable number and size (as determined by the Board of Directors but not to exceed a total of two (2) such animals) may be kept by owners and occupants.

[ ] Number of Occupants: _____

[X] Other: No waterbeds allowed without approval of Board of Directors. Special restrictions apply regarding the floor surfaces and/or floor materials of Type C and Type CR apartments located on the second floor of the residential buildings, as provided in Section H.5 of the Declaration.

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: Buildings 22, 25, 26 - 10
Building 23 - 4
Buildings 24 & 27 - 8 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
SEE EXHIBIT A					

Total Number of Apartments: 67

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

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 B

Permitted Alterations to Apartments:

SEE EXHIBIT C

7. Parking Stalls:

Total Parking Stalls: 87

	Regular		Compact		Tandem		
	Covered	Other	Covered	Other	Covered	Other	TOTAL
Assigned (for each unit		28*		22		30	80
Guest		4		3			7
Unassigned							0
Extra for Purchase							0
Other:							0
Total Covered & Open:	32		25		30		87

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

[ ] Commercial parking garage permitted in condominium project.

[X] Exhibit F contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[ ] There are no recreational or common facilities.

[ ] Swimming pool [ ] Storage Area [ ] Recreation Area

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

[X] Other: Owners of apartments in the Project will have the right to use a recreation area located in LALEA at Hawaii Kai – Phase I pursuant to easement rights granted by the Developer.

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): Not applicable.

* Three (3) assigned stalls, Stall Nos. 259, 260 and 261 are located on land adjacent to the Project that is part of LALEA at Hawaii Kai - Phase III. These parking stalls are limited common elements of the Project pursuant to easement rights over the parking stall areas in favor of apartment owners in the Project.

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 nonconformity, and restrictions on altering and repairing structures. In some cases, a nonconforming 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 D.

[ ] as follows:

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

[ ] There are no limited common elements in this project.

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

[X] described in Exhibit __E__.

[ ] as follows:

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

[X] described in Exhibit __F__.

[ ] 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 __G__ describes the encumbrances against the title contained in the title report dated November 9, 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.

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

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

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

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults Or Lien is Foreclosed **Prior to Conveyance**

F. **Construction Warranties:**

Warrantics 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 SECTION 3 OF EXHIBIT H (THE DISCLOSURE ABSTRACT)

2. Appliances:

   SEE SECTION 3 OF EXHIBIT H (THE DISCLOSURE ABSTRACT)

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

The Developer estimates that construction of the Project will commence in January 1999, and will be completed in September 1999.

H. **Project Phases:**

The developer [X] has [ ] 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):

The Developer, at its option, has the right, but not the obligation, to expand the Project by merging, either through an administrative merger or mergers or an ownership merger or mergers, the Project with one or more condominium projects located or to be located on lands (or a portion or portions thereof) adjacent to the Project site, and to amend the Declaration to provide for such merger or mergers without obtaining the approval, consent or joinder of any owner, mortgagee or purchaser of any apartment, all as set forth in that certain Declaration of Merger of Condominium Phases referred to in Section S of the Declaration.

If administrative merger of the Project and the other condominium projects is not effected prior to December 31, 2002 (the "Administrative Merger Expiration Date"), the right of the Developer to effect any such merger shall terminate automatically on the Administrative Merger Expiration Date unless and until an administrative merger after the Administrative Merger Expiration Date is approved by the vote or written consent of apartment owners in each of the phases to be merged who own at least sixty-five percent (65%) of the common interests in that phase.

If ownership merger of the Project and the other condominium projects is not effected prior to December 31, 2002 (the "Ownership Merger Expiration Date"), the right of the Developer to effect any such merger shall terminate automatically on the Ownership Merger Expiration Date.

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.

(Disclosure Abstract)
Exhibit H/ 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)
[X] Gas (X Common Elements only _____ Common Elements & Apartments)
[X] Water [X] Sewer [ ] Television Cable
[ ] Other _____

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:

[X] Notice to Owner Occupants

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

[X] Escrow Agreement dated __October 26, 1998__
Exhibit __J__ 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.

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

A) The Developer delivers to the buyer a copy of:
   1) Either the Contingent Final Public Report **OR** the Supplementary Public Report which has superseded the Contingent 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.

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, if any.
E) Condominium Map, as amended.
F) Escrow Agreement.
G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
H) Other Declaration of Merger of Condominium Phases

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 (DCCA). Supporting documents for this registration are on file with the DCCA for a period of ten years and one day from the effective date of the last public report. After that time, the DCCA will destroy the supporting documents except for the last public report. 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. 0. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 4077 filed with the Real Estate Commission on December 4, 1998.

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

[X] YELLOW paper stock [ ] WHITE paper stock [ ] PINK paper stock [ ] GREEN paper stock

C. ADDITIONAL INFORMATION NOT COVERED ABOVE

1. REPAIR AND MAINTENANCE OF APARTMENTS AND COMMON ELEMENTS. The By-Laws provide that every apartment owner shall at his own expense at all times well and substantially repair, maintain, amend and keep his residential apartment, including without limitation all doors, sliding glass doors (if any), windows, window fixtures, and all internal installations within the residential apartment such as water, electricity, gas (if any), telephone, sanitation, lights, and all other fixtures and accessories belonging to such residential apartment, if any, and the interior decorated or finished surfaces of all walls, partitions, floors, ceilings and roofs of such residential apartment, if any, with all necessary reparations and amendments whatsoever in good order and condition, except as otherwise provided by law or the Declaration, and shall be liable for all loss or damage whatsoever caused by his failure to perform any such work diligently, and in case of such failure after reasonable notice to perform shall reimburse to the Association promptly on demand all expenses incurred by it in performing any such work authorized by the Board of Directors or the Managing Agent.

In addition, each apartment owner shall at his own expense at all times well and substantially repair, maintain, amend and keep the yard area, if any, appurtenant to and reserved for the exclusive use of such owner's apartment, in good order and condition, and shall be liable for all loss or damage whatsoever caused by his failure to perform any such work, and in case of such owner's failure after reasonable notice to keep the yard area, if any, as aforesaid, the Association (through the Board of Directors or the Managing Agent) shall have the right (but not the obligation) to perform any such work and the cost thereof shall be charged to such apartment owner as a special assessment constituting a lien against his interest in his apartment which may be foreclosed by the Board or Managing Agent in the same manner as provided in the Condominium Property Act for unpaid common expenses.

Except as hereinabove expressly provided to the contrary, all maintenance, repairs and replacements to the common elements, whether located inside or outside of the apartments, shall be made by the Board and be charged to all the owners as a common expense or a limited common expense; provided, however, that any such maintenance, repair or replacement necessitated by the negligence, misuse or neglect of an apartment owner or occupant or any person under either of them, shall be charged to such apartment owner or the apartment owner of the apartment of such occupant, as a special assessment constituting a lien against his interest in his apartment which may be foreclosed by the Board or Managing Agent in the same manner as provided in the Condominium Property Act for unpaid common expenses.

2. LANDSCAPING OF YARD AREA. Each owner shall landscape the Yard Area assigned to his apartment, if any, within ninety (90) days after the closing of the purchase of the apartment (unless the Yard Area has already been completely landscaped). Before commencing any Yard Area landscaping, each owner shall submit to the Board of Directors a landscape plan (which shall include, without limitation, the location of any proposed lanais, patios, paved surfaces or wood decks within the Yard Area and a proposed plant list) for the Board's review and written approval, which approval shall not be unreasonably withheld or delayed.

3. CONDOMINIUM MAP. The Condominium Map for the Project is intended to show only the layout, location, apartment numbers and dimensions of the apartments in the Project. The Condominium Map is NOT intended to show the dimensions of any limited common elements, and buyer understands and acknowledges that the sizes of such limited common elements, such as yard areas, may vary from those shown on the Condominium Map due to field changes and other factors. BUYER AGREES THAT THE CONDOMINIUM MAP IS NOT INTENDED TO BE AND IS NOT A WARRANTY OR PROMISE OF ANY KIND BY SELLER.

4. MERGER OF PROJECT WITH OTHER CONDOMINIUM PROJECTS. In addition to the Project, the Seller has developed three (3) other phases of LALEA at Hawaii Kai. LALEA at Hawaii Kai - Phase I has eighty (80) apartments, LALEA at Hawaii Kai - Phase II has eighty-one (81) apartments, and LALEA at Hawaii Kai - Phase III has sixty-five (65) apartments. The Seller has reserved the right to effect an administrative merger or mergers, or an ownership merger or mergers, of any two or more of the phases; however, each phase is a separate project, and the Seller, although it has the right to do so, is not obligated to merge the various phases.

The Declaration of Merger of Condominium Phases recorded in the Bureau of Conveyances of the State of Hawaii provides that upon either the administrative merger or mergers or the ownership merger or mergers of any two or more of the phases, the Seller may, but need not, require the apartment owners in all or any of the merged phases to make contributions, in addition to their normal prescribed share of the common expenses, to the replacement reserves, the general operating account, and/or any other accounts of the merged project. The Seller may provide that such contributions shall be made in a lump sum amount or in installments over a period of time and in setting the amount and terms of such contributions, the Seller may, but need not, take into account the amount of replacement reserves, the amounts in the general operating accounts, and/or the amounts in any other accounts of the respective phases, accumulated prior to the merger, and the condition of the various buildings and apartments. The amount and terms of the contributions to be made by the apartment owners in a phase shall be as fairly determined by the Seller, in the Seller's sole and absolute discretion, and shall be set forth in a notice by the Seller to the apartment owners or the Board of Directors of the merged project.

5. PRIOR USE. Portions of the Project and/or areas within the vicinity of the Project may have been used previously as a construction material storage facility in connection with the development of other portions of Hawaii Kai by a prior owner. During the construction of LALEA at Hawaii Kai - Phase II, certain remnant construction materials were discovered and removed from the Project site. Additional information regarding this matter is available at the Seller's sales office.

6. MODEL UNITS. Some of the materials used in the model units for the Project and certain methods of construction used for the model units for the Project may differ from the materials and methods of construction used in the buildings in the Project.

7. MASONITE HARDBOARD SIDING. The buildings in the Project contain Masonite Hardboard siding. In 1994, homeowners filed a class action lawsuit against Masonite Corp. and other in the Circuit Court of Mobile County, State of Alabama. This lawsuit was initiated on

behalf of all individuals or entities owning property in the United States on which Masonite Hardboard siding has been incorporated and installed form January 1, 1980 to January 15, 1998. The class action lawsuit alleged that there were problems with the Masonite siding and Masonite disputed the allegations. On January 18, 1998, the Circuit Court of Mobile County, State of Alabama, approved a settlement between Plaintiffs and Defendants, including Masonite, in this class action. The Court specifically noted that the settlement was a compromise of dispute claims and is not be taken as an indication of liability or that damages have been, or would be, found against Masonite if the action proceeded. The settlement does not automatically require the replacement of all Masonite Hardboard Siding and, in order for any class member to recover, that class member must have actually sustained compensable damage as set forth in the settlement. Seller has received complaints from some homebuyers about Masonite Hardboard Siding. These complaints only involve a minority of homes on which Masonite Hardboard Siding has been installed and it is not known whether these complaints are related to the problems alleged in the class action. Additional information regarding this matter is available at the Seller's sales office.

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.

CASTLE & COOKE HOMES HAWAII, INC.
Printed Name of Developer

By: _____ DEC 0 4 1998
Duly Authorized Signatory Date

Michael Y. W. Lum
Vice President, Project Management & Design
Printed Name & Title of Person Signing Above

Distribution:

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

CONDOMINIUM PUBLIC REPORT ON
LALEA AT HAWAII KAI - PHASE IV

EXHIBIT A

APARTMENT DESCRIPTION

Apt. Type	Quantity	Bedroom/ Bath	Approx. Net Living Area in Sq. Ft.	Approx. Net Garage Area in Sq. Ft.	Approx. Net Boat Parking Area in Sq. Ft.
A1	6	2/1	850	---	---
A1R	8	2/1	850	---	---
B	6	2/2	908	224	---
BR	8	2/2	908	224	---
C	6	2/2	947	241	---
CR	8	2/2	947	241	---
D1	10	3/2.5	1113	282	---
D1R	10	3/2.5	1113	282	---
EE	1	3/2.5	1158	249	---
EER	1	3/2.5	1158	249	---
Boat Parking	3	---	---	---	---

Total Apartments: 67

*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.

CONDOMINIUM PUBLIC REPORT ON
LALEA AT HAWAII KAI - PHASE IV

EXHIBIT B

BOUNDARIES OF EACH APARTMENT

Each apartment consists of the spaces within the perimeter walls (or imaginary vertical planes where there is no perimeter wall), floors and ceilings (or imaginary horizontal planes where there is no ceiling) of the respective apartment as shown on the Condominium Map. The respective residential 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, footings, supports, roofs and ceilings located within or at the perimeter of or surrounding such residential apartment, any pipes, wires, vents, shafts, ducts, conduits or other utility or service lines or enclosed spaces for wiring, pipes or air exhaust running through or otherwise located within such residential apartment which are utilized for or serve more than one residential apartment, all of which are deemed common elements. Each residential 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 windows, window frames, louvers (if any), shutters (if any), doors and door frames along the perimeter of the residential apartment; the garage (if any) as shown on the Condominium Map; and all of the fixtures and appliances originally installed therein.

CONDOMINIUM PUBLIC REPORT ON
LALEA AT HAWAII KAI - PHASE IV

EXHIBIT C

PERMITTED ALTERATIONS TO APARTMENTS

Except as otherwise provided in the Declaration or in the By-Laws, restoration, repair or replacement of the Project or of any building or other facility or construction of any additional building or structural alteration or addition to any structure, different in any material respect from said Condominium Map of the Project, shall be undertaken by the Association or any apartment owners only pursuant to an amendment of the Declaration, duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) of the apartment owners and accompanied by the written consent of the holders of all liens affecting any of the apartments, and in accordance with all of the requirements of Paragraph 6 of Section I of the Declaration, and promptly upon completion of such restoration, replacement or construction, the Association shall duly file of record such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer; PROVIDED, HOWEVER, that notwithstanding any other provision in the Declaration to the contrary, the owner of a residential apartment may make any alterations or additions within a residential apartment and the owner of any two adjoining residential apartments may alter or remove all or portions of the intervening walls, at such owner's expense, if such alterations or additions are not visible from the exterior of the residential apartments and if the structural integrity of the building is not thereby affected. The alterations or additions permitted by the immediately preceding proviso shall require only the written approval thereof, including approval of the apartment owner's plans therefor, by the holders of first mortgage liens affecting such apartment (if the lien holders require such approval), by the appropriate agencies of the State of Hawaii and the City and County of Honolulu if such agencies so require, by the Board of Directors of the Association (which approval shall not be unreasonably or arbitrarily withheld or delayed), and by all other apartment owners thereby directly affected (as determined in a reasonable manner by the Board of Directors of the Association) and such alterations or additions may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the Project as so altered. Prior to the termination of the common ownership of any two adjoining residential apartments, if the intervening walls shall have been altered or removed pursuant to the foregoing provision and any entrances sealed, the owner of such residential apartment shall restore such intervening walls and entrances to substantially the same condition in which they existed prior to such alteration or removal.

Notwithstanding any other provision in the Declaration to the contrary, prior to (a) the time that all apartments in the Project have been sold and recorded and (b) the recordation by the Developer of the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of said Condominium Property Act (but in no event later than December 31, 2003, the Developer shall have the right to make alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any apartment (and the limited common elements appurtenant thereto) in the Project which is not sold and recorded; or to make other alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which make minor changes in any apartment in the Project or the common elements which do not affect the physical location, design or size of any apartment which has been sold and recorded; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in Paragraph 3 of Section T of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project, and the recordation in the Bureau of Conveyances of the State of Hawaii of apartment conveyances transferring interests in the apartments from the Developer to parties not signatory to the Declaration.

Each Type B, Type BR, Type C and Type CR apartment in the Project will be offered to initial purchasers with an optional floor plan which deletes a bedroom and adds a den in lieu thereof. The basic floor plan and the optional floor plan for each of these apartment types are shown on the Condominium Map. Notwithstanding any other provision in the Declaration to the contrary, prior to the time that all apartments in the Project have been sold and recorded, the Developer shall have the right to make alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, to construct or modify each Type B, Type BR, Type C and Type CR apartment in accordance with the respective optional floor plans shown on the Condominium Map; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in Paragraph 5 of Section T of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of Apartments in the Project and the recordation in the Bureau of Conveyances of the State of Hawaii of Apartment Conveyances transferring interests in the apartments from the Developer to parties not signatory to the Declaration.

An apartment owner or occupant may install air-conditioning units in accordance with (a) plans and specifications prepared by the Project architect, Design Partners Incorporated (for which approval of the Board of Directors of the Association shall not be required) or (b) plans and specifications prepared by a licensed architect (if

so required by the Board of Directors of the Association) that are submitted to and approved by the Board of Directors of the Association, all in accordance with all provisions of the Declaration. Condensate from air conditioning units installed in second floor apartments should be drained via an exterior mounted tube, painted the same color(s) as the exterior of the building in which the air conditioning unit is located, which may terminate at wall/roof intersections. All tubing terminating at the ground level and discharging condensate toward a Yard Area or common area landscaping shall extend down to the finished grade and shall extend out twelve (12) inches from the building. All tubing terminating at the ground level and discharging condensate toward a concrete area shall terminate one (1) inch below the finished siding of the building.

No highly reflective finish, other than glass (which, however, may not be tinted or mirrored), shall be used on the exterior of any building in the Project; provided, however, that a gray film tint without visible purple tinge (as approved by the Board of Directors of the Association) may be installed by an apartment owner on the glass located along the perimeter of his apartment.

CONDOMINIUM PUBLIC REPORT ON
LALEA AT HAWAII KAI - PHASE IV

EXHIBIT D

COMMON ELEMENTS

The common elements consist of all portions of the Project other than the apartments, including specifically, but not limited to:

(a) The Land in fee simple;

(b) All foundations, columns, girders, beams, footings, floor slabs, supports, unfinished perimeter, party and load-bearing walls and partitions, roofs, stairways, walkways, corridors, ramps, fences (if any), entrances, entryways and exits of all buildings of the Project;

(c) All walkways, roadways, sidewalks, perimeter walls, retaining walls, fences (if any), gates (if any), yard areas, driveways, parking areas (other than the garages which are part of the respective apartments), loading zones, yards, grounds, landscaping, gazebos, trash enclosures, mail kiosks and mailboxes;

(d) All pipes, cables, conduits, ducts, sewer lines, sewage treatment equipment and facilities (if any), electrical equipment, electrical closets, communications rooms, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, gas (if any), sewer, water, telephone and television signal distribution (if any);

(e) The thirty-two (32) regular size, uncovered parking stalls [four (4) of which are guest parking stalls], the twenty-five (25) compact size, uncovered parking stalls [three (3) of which are guest parking stalls], and the thirty (30) uncovered, tandem parking stalls, located in the parking areas of the Project, all as shown on the Condominium Map;

(f) Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use;

(g) The limited common elements described in Exhibit E attached hereto.

CONDOMINIUM PUBLIC REPORT ON
LALEA AT HAWAII KAI - PHASE IV

EXHIBIT E

LIMITED COMMON ELEMENTS

(a) Each of the parking stalls, other than the parking stalls designated on the Condominium Map as guest parking stalls, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit F attached hereto;

(b) Each of the yard areas within the Project (each of which shall consist of a yard and a lanai and some of which may include a storage closet as shown on the Condominium Map), designated on the Condominium Map as Yard Areas Y227 to Y233, inclusive, Y240 to Y242, inclusive, Y245 to Y250, inclusive, Y255 to Y261, inclusive, Y268 to Y274, inclusive, and Y281 to Y286, inclusive, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit F attached hereto;

(c) Any walkway, stairway, entrance, exit, or steps which would normally be used only for the purposes of ingress to and egress from a specific apartment or apartments shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment or apartments;

(d) Any mailbox assigned to an apartment by the Developer or the Association of Apartment Owners of the Project shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment.

CONDOMINIUM PUBLIC REPORT ON
LALEA AT HAWAII KAI - PHASE IV

EXHIBIT F

COMMON INTERESTS AND LIMITED COMMON ELEMENTS

Apt. No.	Apt. Type	Bldg. No.	Parking Stall No(s).	Yard Area No.	Common Interest
227	D1	22	397C	Y227	1.78234%
228	B	22	T330	Y228	1.45406%
229	BR	22	T326	Y229	1.45406%
230	BR	22	T323	Y230	1.45406%
231	D1R	22	322	Y231	1.78234%
232	D1	22	321	Y232	1.78234%
233	D1R	22	396C	Y233	1.78234%
234	C	22	T329	--	1.51651%
235	CR	22	T327	--	1.51651%
236	CR	22	T324	--	1.51651%
237	A1R	22	325, 338	--	1.36118%
238	A1R	22	328C, 339	--	1.36118%
239	A1	22	336, 337	--	1.36118%
240	EER	23	T331	Y240	1.85434%
241	B	23	T333	Y241	1.45406%
242	EE	23	T335	Y242	1.85434%
243	C	23	T334	--	1.51651%
244	A1	23	332, 395	--	1.36118%
245	D1	24	347	Y245	1.78234%
246	B	24	T348	Y246	1.45406%
247	BR	24	T351	Y247	1.45406%
248	D1R	24	352	Y248	1.78234%
249	D1	24	353C	Y249	1.78234%
250	D1R	24	346C	Y250	1.78234%
251	C	24	T349	--	1.51651%
252	CR	24	T350	--	1.51651%
253	A1R	24	354C, 392, 393, 394	--	1.36118%
254	A1	24	391, 402C	--	1.36118%

Apt. No.	Apt. Type	Bldg. No.	Parking Stall No(s).	Yard Area No.	Common Interest
255	D1	25	404	Y255	1.78234%
256	B	25	T359	Y256	1.45406%
257	BR	25	T363	Y257	1.45406%
258	BR	25	T366	Y258	1.45406%
259	D1R	25	367C	Y259	1.78234%
260	D1	25	368C	Y260	1.78234%
261	D1R	25	403	Y261	1.78234%
262	C	25	T360	--	1.51651%
263	CR	25	T362	--	1.51651%
264	CR	25	T365	--	1.51651%
265	A1R	25	355C, 364	--	1.36118%
266	A1R	25	358, 361C	--	1.36118%
267	A1	25	356C, 357	--	1.36118%
268	D1	26	369	Y268	1.78234%
269	B	26	T370	Y269	1.45406%
270	BR	26	T374	Y270	1.45406%
271	BR	26	T377	Y271	1.45406%
272	D1R	26	378C	Y272	1.78234%
273	D1	26	386C	Y273	1.78234%
274	D1R	26	401C	Y274	1.78234%
275	C	26	T371	--	1.51651%
276	CR	26	T373	--	1.51651%
277	CR	26	T376	--	1.51651%
278	A1R	26	399C, 400C	--	1.36118%
279	A1R	26	375, 390	--	1.36118%
280	A1	26	372C, 389	--	1.36118%
281	D1	27	379	Y281	1.78234%
282	B	27	T380	Y282	1.45406%
283	BR	27	T383	Y283	1.45406%
284	D1R	27	259*	Y284	1.78234%
285	D1	27	260*	Y285	1.78234%
286	D1R	27	387C	Y286	1.78234%
287	C	27	T381	--	1.51651%
288	CR	27	T382	--	1.51651%
289	A1R	27	261*, 388C	--	1.36118%
290	A1	27	384C, 385C	--	1.36117%

Apt. No.	Apt. Type	Bldg. No.	Parking Stall No(s).	Yard Area No.	Common Interest
BP1	--	--	--	--	0.00001%
BP2	--	--	--	--	0.00001%
BP3	--	--	--	--	0.00001%

NOTE: All parking stalls beginning with the letter "T" are tandem stalls.

All other parking stalls are non-tandem stalls.

All parking stalls ending with the letter "C" are compact size stalls.

All other parking stalls are regular size.

*Parking stall nos. 259, 260 and 261 are located on land adjacent to the Project that is part of LALEA at Hawaii Kai - Phase III. These parking stalls are limited common elements of the Project pursuant to easement rights over the parking stall areas in favor of apartment owners in the Project.

CONDOMINIUM PUBLIC REPORT ON
LALEA AT HAWAII KAI - PHASE IV

EXHIBIT G

ENCUMBRANCES AGAINST TITLE

1. For any real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor of the City and County of Honolulu.

2. Reservation in favor of the State of Hawaii of all minerals and metallic mines.

3. Grant dated May 28, 1974, recorded in Liber 10448 at Page 200, in favor of the City and County of Honolulu, granting an easement for flowage purposes.

4. Unilateral Agreement and Declaration for Conditional Zoning dated July 3, 1986, recorded in Liber 19645 at Page 696.

5. Declaration of Restrictive Covenants (Private Park) dated June 3, 1991, recorded as Document No. 91-119313, as amended.

6. Reservation contained in reservation 1 of Exhibit A of Limited Warranty Deed dated September 29, 1992, recorded as Document No. 92-186490 (but excluding the areas described in Exhibit A-2 thereto).

7. Terms and provisions of unrecorded Agreement dated August 17, 1994 as disclosed by Limited Warranty Deed dated December 20, 1994, recorded as Document No. 94-207355.

8. Covenants in Limited Warranty Deed dated December 20, 1994, recorded as Document No. 94-207355.

9. East Honolulu Community Services, Inc.'s Development Sewer Connection Agreement dated December 16, 1994, recorded as Document No. 94-207356.

10. Declaration of Restrictive Covenants (Private Park) dated November 13, 1995, recorded as Document No. 96-061152, as amended from time to time.

11. Landscape Maintenance Agreement dated April 29, 1996, between Castle & Cooke Homes Hawaii, Inc. and Mariner's Ridge Maintenance Association, recorded as Document No. 96-061153, as amended from time to time.

12. Easements "A-1", "A-2" and "A-4" for access and utility purposes, as shown on File Plan 2179.

13. Easements "D-2"and "D-7" for drainage purposes, as shown on File Plan 2179.

14. Easement "D-8" for drainage and boulder basin purposes, as shown on File Plan 2179.

15. Easement "S-2" for sewer purposes, as shown on File Plan 2179.

16. Easement "P-2" for park purposes, as shown on File Plan 2179.

17. Declaration of Merger of Condominium Phases dated June 24, 1996, recorded as Document No. 96-091382, as amended from time to time.

18. Grant dated July 15, 1996, recorded as Document No. 96-112110, in favor of Hawaiian Electric Company, Inc. and GTE Hawaiian Telephone Company Incorporated, granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate transformer vault sites, pull boxes, hand holes, and underground wire lines, etc. for transmission and distribution of electricity.

19. Agreement for Issuance of Conditional Use Permit Under Section 4.40-21 of the Land Use Ordinance (LUC) dated July 15, 1996, recorded as Document No. 96-112769.

20. Grant dated September 11, 1996, recorded as Document No. 96-131181, in favor of Maunalua Associates, Inc., granting a perpetual non-exclusive easement for access purposes over Easement "A-2".

21. Grant dated July 26, 1996, recorded as Document No. 96-155263, in favor of the City and County of Honolulu, granting an easement for drainage purposes over Easement "D-8".

22. Grant dated July 26, 1996, recorded as Document No. 96-155264, in favor of the City and County of Honolulu, granting an easement for access purposes over, across, along and upon Easements "A-2" and "A-4".

CONDOMINIUM PUBLIC REPORT ON

LALEA AT HAWAII KAI - PHASE IV

EXHIBIT H

DISCLOSURE ABSTRACT

1. (a) PROJECT: LALEA at Hawaii Kai - Phase IV
Honolulu, Hawaii

(b) DEVELOPER: Castle & Cooke Homes Hawaii, Inc.
650 Iwilei Road, P. O. Box 2780
Honolulu, Hawaii 96817
Telephone: (808) 548-4811

(c) PROJECT MANAGER: Touchstone Properties, Ltd.
567 S. King Street, Suite 178
Honolulu, Hawaii 96813
Telephone: (808) 521-6500

2. USE OF APARTMENTS:

(a) Number of Apartments in Project for Residential Use: 64

(b) Proposed Number of Apartments in Project for Hotel Use: -0-

(c) Extent of Commercial or Other Nonresidential Development in Project: 3 boat parking apartments

3. WARRANTIES:

(a) Developer warrants that the residential Apartment is constructed in substantial conformity with the plans and specifications (including any amendments thereof, or changes and variations therein) and against any defects in equipment, material, or workmanship and materials of the residential Apartment resulting in noncompliance with standards of quality as measured by acceptable trade practices. This warranty shall continue for a period of one (1) year from the date of recordation of the conveyance of

title to the original buyer of the residential Apartment. The Developer shall remedy, at the Developer's expense, any substantial nonconformity or such defects and shall restore any work damaged in fulfilling the terms and conditions of this warranty. Notwithstanding the generality of the foregoing, Developer's warranty shall not cover defects in any appliances or floor coverings within the residential Apartment. All appliances and floor coverings within the residential Apartment shall be covered solely by the warranties of the respective manufacturers thereof and the warranty periods of such warranties may vary.

(b) Developer has contracted or will contract with a licensed soil treatment applicator (the "Applicator") for the pre-construction soil treatment process for the control of subterranean termites and the Developer will require the Applicator to warrant that if termite infestation should occur within three (3) years from the date of treatment of the building in which the residential Apartment is located, the Applicator will re-treat the soil under the building in which the residential Apartment is located using the standards in effect at the time of re-treatment. The Applicator shall further agree to repair all construction damage by subterranean termites within the one-year warranty period. Developer will transfer to Buyer any warranty from the Applicator or the Applicator shall issue the warranty directly to Buyer. Developer further agrees without incurring any legal liability, to cooperate with Buyer to have the Applicator perform all warranties for which the Applicator is responsible. Buyer understands that the Developer does not promise that the Applicator will honor his warranties.

(c) Developer's obligations under the foregoing warranties are expressly conditioned on written notification by Buyer to Developer of substantial non-conformity, defects or ground termite infestation within the warranty periods set forth above.

(d) Developer warrants against defects in equipment, material, or workmanship and materials of the common elements of the Project and the boat parking apartments resulting in noncompliance with standards of quality as measured by acceptable trade practices for a period of one (1) year from the date of original conveyance of title for the first apartment in the Project that is conveyed by Developer to one or more third parties other than the Developer and shall apply only to such instances of defects as to which the Association shall have given written notice to the Developer within said period of one (1) year.

4. BREAKDOWN OF ANNUAL MAINTENANCE CHARGES AND ESTIMATED COSTS FOR EACH APARTMENT:

Attached to this Disclosure Abstract as Exhibit "A" is a breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, prepared by Touchstone Properties, Ltd., a Hawaii corporation, for the one-year period commencing January 1, 1999 and certified to have been based on generally accepted

accounting principles. The attached breakdown of annual maintenance charges and the estimated cost for each apartment are subject to change based on actual costs of the items listed. The Developer can make no assurances regarding the estimated maintenance assessments. Variables such as inflation, uninsured casualty loss or damage, increased or decreased services from those contemplated by the Developer, apartment owner delinquencies and other factors may cause the maintenance assessments to be greater or less than the estimated maintenance assessments. The breakdown of the estimated cost for each apartment contained in this Disclosure Abstract does not include the Buyer's obligation for the payment of real property taxes, and does not include or otherwise take into account the one-time "start-up" fee required to be paid in addition to the normal maintenance charges. Estimates of the real property taxes will be provided by the Developer upon request.

NOTE: THE DEVELOPER ADVISES THAT COSTS AND EXPENSES OF MAINTENANCE AND OPERATION OF A CONDOMINIUM PROJECT ARE VERY DIFFICULT TO ESTIMATE INITIALLY AND EVEN IF SUCH MAINTENANCE CHARGES HAVE BEEN ACCURATELY ESTIMATED, SUCH CHARGES WILL TEND TO INCREASE IN AN INFLATIONARY ECONOMY AND AS THE IMPROVEMENTS AGE. MAINTENANCE CHARGES CAN VARY DEPENDING ON SERVICES DESIRED BY APARTMENT OWNERS. THE BUYER SHOULD EXAMINE THE MAINTENANCE CHARGE SCHEDULE TO SEE WHAT SERVICES ARE INCLUDED IN THE SCHEDULE.

5. TEMPORARY ASSUMPTION BY DEVELOPER OF ACTUAL COMMON EXPENSES:

The Developer will assume all the actual common expenses of the Project (and therefore an apartment owner will not be obligated for the payment of his respective share of the common expenses) until such time as the Developer files with the Real Estate Commission of the State of Hawaii an amended Disclosure Abstract which states that after a date certain, the respective apartment owner shall thereafter be obligated to pay for his respective share of common expenses that is allocated to his apartment; provided, however, that such amended Disclosure Abstract shall be filed at least 30 days in advance with the Real Estate Commission, with a copy thereof being delivered either by mail or personal delivery after the filing to each of the apartment owners whose maintenance expenses were assumed by the Developer. The Developer shall have no obligation to pay for any cash reserves or any other reserve amounts with respect to or attributable to the period during which the Developer assumes the actual common expenses of the Project.

CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

1. That I am the President of Touchstone Properties, Ltd., a Hawaii corporation, designated by the developer of LALEA at Hawaii Kai - Phase IV condominium (the "Project") to act as the Managing Agent for the management and administration of the Project.

2. That I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, as set forth in Exhibit "A" attached hereto and hereby incorporated herein by reference, were determined pursuant to a reserve study conducted in accordance with Section 514A-83.6 of the Hawaii Revised Statutes and Chapter 107 of the Hawaii Administrative Rules, and are reasonable estimates for the one-year period commencing January 1, 1999, based on generally accepted accounting principles.

DATED: Honolulu, Hawaii, this twenty-fifth day of November, 1998.

Charles A. Whalen, Jr.
President

Subscribed and sworn to
before me this twenty-fifth
day of November, 1998.

Notary Public, State of Hawaii

My commission expires: 6-29-99

EXHIBIT "A"
(Page 1 of 2)

LALEA AT HAWAII KAI - PHASE IV

Estimated Annual Common Expenses

	MONTHLY	ANNUAL
Utilities and Services		
Electricity (common elements only)	$ 240	$ 2,880
Water and Sewer	4,430	53,160
Gas	21	252
Maintenance, Repair and Supplies		
Building	483	5,796
Grounds	2,802	33,624
Management		
Management fee	735	8,820
Office expenses	215	2,580
Insurance	1,336	16,032
Reserves	3,342*	40,104*
Taxes and Government Assessments	13	156
Professional Services - Legal/Other	100	1,200
Audit and Tax Preparation	96	1,152
Wages and Benefits	1,003	12,036
TOTAL DISBURSEMENTS	$14,816	$177,792

* Includes start-up of one month's maintenance fee.

ESTIMATED MAINTENANCE CHARGES OR FEES FOR EACH APARTMENT:

(1) The estimated monthly maintenance charge for each Type A1 and A1R apartment is $195.79 per month.

(2) The estimated monthly maintenance charge for each Type B and BR apartment is $209.15 per month.

(3) The estimated monthly maintenance charge for each Type C and CR apartment is $218.14 per month.

EXHIBIT "A"
(Page 2 of 2)

LALEA AT HAWAII KAI - PHASE IV

ESTIMATED MAINTENANCE CHARGES OR FEES FOR EACH APARTMENT: - Continued

(4) The estimated monthly maintenance charge for each Type D1 and DIR apartment is $256.37 per month.

(5) The estimated monthly maintenance charge for each Type EE and EER apartment is $266.73 per month.

(6) The estimated monthly maintenance charge for each Type BP1, BP2 and BP3 apartment (boat stall) is $0.00 per month.

CONDOMINIUM PUBLIC REPORT ON
LALEA AT HAWAII KAI - PHASE IV

EXHIBIT I

SUMMARY OF SALES AGREEMENT

A specimen Sales Agreement (the "Sales Agreement"), has been submitted to the Real Estate Commission and are available in the Sales Office of the Seller. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE SALES AGREEMENT, INCLUDING THE APPLICABLE ADDENDUM, IN FULL, since this summary is NOT A COMPLETE DESCRIPTION of their provisions. The Sales Agreement, among other things, covers in more detail the following items:

1. That certain Declaration of Merger of Condominium Phases recorded or to be recorded in the Bureau of Conveyances of the State of Hawaii (hereinafter called the "Declaration of Merger"), among other things, gives Seller the right, in its sole and absolute discretion, to cause and effect an administrative merger or mergers of the Project with a condominium project or projects located or to be located on lands (or a portion or portions thereof) adjacent to the Project, as part of the same incremental plan of development of the Project, such that the use of the respective common elements, the respective common expenses and the management of the respective affairs of the Project and the additional phases are shared, and the administration of the Project and the additional phases is unified under one association of apartment owners, but the ownership interests of the apartment owners of the Project and the additional phases are not altered or affected. The Declaration of Merger also gives the Seller the right, in its sole and absolute discretion, to cause and effect an ownership merger or mergers of the Project and the additional phases, as an alternative to an administrative merger or mergers of the Project and the additional phases, to provide for the common ownership of the Project and the additional phases by all of the apartment owners of the Project and the additional phases all as set forth in the Declaration of Merger. Upon an ownership merger, all of the apartments in the merged phases shall be treated as though they were all included in a single condominium project (the "Merged Project"), all common elements of the merged phases will become the common elements of the Merged Project, and the common interest appurtenant to the Apartment shall be altered from the percentage set forth in Article I of the Sales Agreement to a percentage as set forth in the "Certificate of Ownership Merger" filed by the Seller, in accordance with the Declaration of Merger. Nothing herein will be deemed to require Seller to develop the additional phases or to merge the additional phases into the Project, or to prohibit Seller from dealing with any lands adjacent to the Project not merged with the

Project, including without limitation, developing all or any part of such lands for purposes inconsistent with the merger of such lands into the Project.

2. Seller has given to and/or may give to one or more lenders a mortgage or mortgages, security agreement or agreements, and other instruments securing repayment of loan(s) and covering Seller's ownership rights in the Project, including the individual apartments. All of the rights and interests which Seller gives to the lender or lenders will have priority over the buyers' rights and interests under the Sales Agreements. This applies to any changes in the loan or loans or the mortgage or mortgages, security agreement or agreements or other instruments (including, among other things, extensions, renewals and other changes). The buyers give up and subordinate the priority of their rights and interests under the Sales Agreements in favor of the rights and interests of Seller's lenders until the final closing and delivery of signed apartment deeds to the buyers. If Seller's lender or lenders ask the buyers to do so, the buyers will sign other documents to confirm the promises and agreements mentioned above.

3. Seller may (but does not have to) cancel the Sales Agreement (a) if the buyer's mortgage loan application is rejected or not approved within 60 days after application, or (b) if the buyer plans to pay the purchase price in cash but Seller is not satisfied for any reason with the buyer's ability to make the cash payments.

4. (a) Seller warrants that the residential Apartment is constructed in substantial conformity with the plans and specifications (including any amendments thereof, or changes and variations therein) and against any defects in equipment, material, or workmanship and materials of the residential Apartment resulting in noncompliance with standards of quality as measured by acceptable trade practices. This warranty shall continue for a period of one (1) year from the date of recordation of the conveyance of title to the original buyer of the residential Apartment. The Seller shall remedy, at the Seller's expense, any substantial nonconformity or such defects and shall restore any work damaged in fulfilling the terms and conditions of this warranty. Notwithstanding the generality of the foregoing, Seller's warranty shall not cover defects in any appliances or floor coverings within the residential Apartment. All appliances and floor coverings within the residential Apartment shall be covered solely by the warranties of the respective manufacturers thereof and the warranty periods of such warranties may vary.

(b) Seller has contracted or will contract with a licensed soil treatment applicator (the "Applicator") for the pre-construction soil treatment process for the control of subterranean termites and the Seller will require the Applicator to warrant that if termite infestation should occur within three (3) years from the date of treatment of the building in which the residential Apartment is located, the Applicator will re-treat the soil under the building in which the residential Apartment is located using the standards in

effect at the time of re-treatment. The Applicator shall further agree to repair all construction damage by subterranean termites within the one-year warranty period. Seller will transfer to buyer any warranty from the Applicator or the Applicator shall issue the warranty directly to buyer. Seller further agrees without incurring any legal liability, to cooperate with buyer to have the Applicator perform all warranties for which the Applicator is responsible. Buyer understands that the Seller does not promise that the Applicator will honor his warranties.

(c) Seller's obligations under the foregoing warranties are expressly conditioned on written notification by buyer to Seller of substantial non-conformity, defects or ground termite infestation within the warranty periods set forth above.

(d) Seller warrants against defects in equipment, material, or workmanship and materials of the common elements of the Project and the boat parking apartments resulting in noncompliance with standards of quality as measured by acceptable trade practices for a period of one (1) year from the date of original conveyance of title for the first apartment in the Project that is conveyed by Seller to one or more third parties other than the Seller and shall apply only to such instances of defects as to which the Association shall have given written notice to the Seller within said period of one (1) year.

5. Buyer understands and agrees that (a) Seller's obligation to provide landscaping within the common elements of the Project will be deemed fully satisfied upon planting of the plant materials (which need not be in full coverage and maturity) and installation of the irrigation system pursuant to Seller's landscaping plans, as the same may be amended from time to time in Seller's sole discretion; (b) installation of the plant materials and irrigation system may be completed after the Closing Date; (c) full maturity of the plant materials will only be reached over an extended period of time and Seller is not responsible for providing landscaping maintenance to reach full coverage and maturity; and (d) the Association will be responsible for maintaining the landscaping after installation thereof, even if the landscaping has not reached full coverage or maturity.

6. The Condominium Map for the Project is intended to show only the layout, location, apartment numbers and dimensions of the apartments in the Project. The Condominium Map is NOT intended to show the dimensions of any limited common elements, and buyer understands and acknowledges that the sizes of such limited common elements, such as yard areas, may vary from those shown on the Condominium Map due to field changes and other factors. BUYER AGREES THAT THE CONDOMINIUM MAP IS NOT INTENDED TO BE AND IS NOT A WARRANTY OR PROMISE OF ANY KIND BY SELLER.

7. BUYER AGREES THAT NO ONE (INCLUDING THE SELLER OR ANY SALESPERSON) HAS TALKED TO BUYER AT ALL ABOUT ANY RENTAL INCOME OR RENTAL OR SALES SERVICES FOR BUYER'S APARTMENT. IF BUYER WANTS TO RENT OR SELL THE APARTMENT, HOW BUYER DOES IT WILL BE UP TO BUYER SUBJECT TO THE RESTRICTIONS CONTAINED IN THE SALES AGREEMENT. BUYER ALSO AGREES THAT NO ONE HAS TALKED TO BUYER AT ALL ABOUT INCOME FROM THE APARTMENT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE PURCHASE OR OWNERSHIP OF THE APARTMENT OR ABOUT THE TAX EFFECTS OF BUYING THE APARTMENT.

8. Buyer will pay for the following closing costs: all of the Escrow fee, all notary fees, all appraisal fees, all recording costs, all charges for buyer's credit report, all costs of preparing any mortgages and promissory notes, and all title insurance costs. Buyer will also pay all mortgage costs. Buyer will also pay a nonrefundable start-up fee which will be held and used by the Seller and the first Managing Agent of the Association as a working capital fund for the benefit of all the apartment owners. Buyer agrees that Seller does not have to pay any start-up fee for any apartment in the Project even if it is owned by Seller. Proration of maintenance charges and other common expenses, and real property taxes will be made as of the scheduled Closing Date.

9. If buyer fails to make any payment when it is due or fails to keep any of buyer's other promises or agreements contained in the Sales Agreement, then Seller will have the right, at Seller's sole option and in addition to any other rights contained in the Sales Agreement, to do any one or more of the following:

(a) Seller may cancel the Sales Agreement by giving buyer written notice of cancellation and Seller may keep all sums paid by buyer under the Sales Agreement as "liquidated damages" (i.e., the amount agreed to by buyer and Seller as properly payable in settlement for breach of contract), and not as a penalty. Without limiting the generality of the foregoing, buyer understands and acknowledges that if buyer defaults under the Sales Agreement after it has become a binding contract (as described in Article V, Section E.1 of the Sales Agreement), Seller may keep the Option Deposit (as defined in the Sales Agreement) in addition to all other sums paid by buyer under the Sales Agreement. If Seller cancels the Sales Agreement, buyer agrees that it will be difficult and expensive to determine the amount of loss or damage Seller will suffer. This is because of, among other things, Seller's commitments relating to the financing of the Project, the effect of default and cancellation of one sale on other apartment sales, and the nature of the real estate market in Hawaii. Buyer agrees that the sums paid by buyer under the Sales Agreement are a reasonable estimate of a fair payment to Seller for Seller's loss or damage resulting from buyer's default.

(b) Seller may file a lawsuit for damages.

(c) Seller may file a lawsuit for "specific performance" (in other words, a lawsuit to make buyer keep all of buyer's promises and agreements).

(d) Seller may take advantage of any other rights which the law allows or which Seller may have under the Sales Agreement.

Buyer also agrees to pay for all costs, including Seller's reasonable lawyers' fees (for both in-house and outside counsel) and the escrow cancellation fee, which are incurred because of buyer's default.

10. If Seller fails to keep any of Seller's promises or agreements contained in the Sales Agreement, buyer may require Seller to go through with the Sales Agreement unless the Sales Agreement is only a "reservation" in which case the terms of Article V, Section E.1 of the Sales Agreement will control, or buyer may cancel the Sales Agreement. If buyer cancels the Sales Agreement because of Seller's default, Seller will repay to buyer all sums paid by buyer to Seller or Escrow under the Sales Agreement, without interest.

BUYER AGREES THAT IF SELLER DEFAULTS UNDER THE SALES AGREEMENT AT ANY TIME, BUYER WILL ONLY HAVE THE RIGHTS MENTIONED IN THIS SECTION. BUYER GIVES UP ANY OTHER RIGHTS BUYER MIGHT OTHERWISE HAVE.

11. Conditions Affecting the Property and Project. The buyer understands, acknowledges, covenants and agrees to the following:

(a) Utility Effects. The Property is located across the street from an electrical substation and is or may be located adjacent to or in the vicinity of electric, water and other utilities and public roads and thoroughfares, including, without limitation, such things as electrical substations, high-powered electrical transmission lines, water pump stations, water tanks, reservoirs, freeways and exit ramps which may result in nuisances, such as noise and dust, disturbances or hazards (collectively, the "Utility Effects") to persons and to property on or within the Property. In recent years, concerns have been raised about possible adverse health effects of electric and magnetic fields from power lines. Seller is not insuring or guaranteeing the health of buyer or other occupants or users of the Property and disclaims liability for personal injury, illness or any other loss or damage caused by or arising from the Utility Effects including, without limitation, the presence or malfunction of any electrical distribution systems that may be located adjacent to, near, or over any part of the Property;

(b) Geological Effects. The Property is located adjacent to or in the vicinity of lands from which boulders and other material may become dislodged by acts of God or other natural forces which may result in injury or damage (collectively, the "Geological Effects") to persons and to property on or within the Property;

(c) Development Effects. (i) The Project is or may be located adjacent to or in the vicinity of other phases of LALEA at Hawaii Kai, and various construction activities, including, but not limited to, ongoing residential and related construction, proposed construction of future residential subdivisions and roads, commercial and office buildings, land development activities, one or more recreational centers and facilities, and other construction and development projects (collectively, the "Proposed Development"); (ii) construction of the Proposed Development will or may result in noise, dust, vibration and other nuisances, disturbances or hazards to buyer and to persons and property on or within the Property or the Project, and may limit buyer access to the Project; (iii) when completed, traffic, lights, noise, dust, vibration and other nuisances, disturbances or hazards to persons and property on or within the Property or the Project may be generated from the Proposed Development; (iv) no representations or warranties are made by Seller, its employees or agents concerning plans, or the absence of plans, by Seller or others for future development of adjacent or nearby properties, and any plans for the future development of adjacent and nearby properties by Seller are subject to change in the sole and absolute discretion of the Seller or its successors and assigns; and (v) Seller makes no representations regarding the view from the Property or any view easements or rights, and the views from the Property are not guaranteed and may be altered, diminished, eliminated or blocked entirely by the future development of adjacent or surrounding properties (items (i) through (v) are hereinafter collectively called the "Development Effects"); and

(d) Waiver, Release and Indemnity. Buyer represents and warrants to Seller that buyer, in buyer's sole discretion, has determined that the benefits of owning and enjoying the Property outweigh the risks of the Utility Effects, the Geological Effects and the Development Effects (collectively, the "Property Conditions"). Buyer irrevocably agrees to suffer and permit all actions and consequences incidental to the Utility Effects and the Geological Effects. Buyer irrevocably agrees to suffer and permit all actions and consequences incidental to the Development Effects, for a period of ten (10) years after the date of recordation of the Apartment Deed. Buyer covenants and agrees to assume all risks of impairment of buyer's use and enjoyment of the Property or the Project, loss of market value of the Property, and property damage or personal injury arising from the Property Conditions, and buyer, for the buyer and the buyer's tenants, lessees, family, servants, guests, invitees, licensees, agents, employees, and those who use the Property through the buyer for an extended period of time (collectively, the "Occupants"), waives any claims or rights of action or suits against Seller, its successors and assigns, the City and County of Honolulu, the State of Hawaii,

and any agency or subdivision of the foregoing, arising from such impairment of the Occupants' use and enjoyment of the Property or the Project, loss of market value of the Property, and property damage or personal injury arising from one or more of the Property Conditions. Buyer shall indemnify, hold harmless and defend Seller, its successors and assigns, the City and County of Honolulu, the State of Hawaii, and any agency or subdivision of the foregoing, from any and all liability, claims, losses, damages, or expenses, including attorneys' fees, arising from such impairment of the Occupants' use and enjoyment of the Property or the Project, loss of market value of the Property, or property damage or personal injury to the property or person of the Occupants as a result of one or more of the Property Conditions. Buyer further covenants that buyer will notify all Occupants and transferees of the Property of the risks of the Property Conditions.

12. Buyer understands and acknowledges that portions of the Project and/or areas within the vicinity of the Project may have been used previously as a construction material storage facility in connection with the development of other portions of Hawaii Kai by a prior owner. Buyer further understands and acknowledges that during the construction of the Project, certain remnant construction materials were discovered and removed from the Project site. Additional information regarding this matter is available at the Seller's sales office.

13. Buyer understands and acknowledges that due to the discontinuation in the production of certain materials and for other reasons, some of the materials used in the model units for the Project and certain methods of construction used for the model units for the Project may differ from the materials and methods of construction used in the buildings in the Project, including the building in which the Apartment is located. Buyer further understands and acknowledges that the model units and advertising collateral materials such as brochures, displays, and renderings are for the purpose of assisting the buyer in visualizing the floor plan of the Apartment buyer is purchasing and may not be an exact replica of the apartments or the buildings being built within the Project. Buyer also understands and acknowledges that the advertising collateral materials, model units, etc., contain numerous upgrades, options and decorator items not included with the Apartment being purchased by buyer or the building in which such Apartment is located. Without limiting the generality of the foregoing, the model units may contain such features as gutters, landscaping, walkways and air conditioning that would not be included in the Apartment buyer is purchasing or the building in which such Apartment is located. Buyer also understands and acknowledges that the model units and sales information center within or outside the Project, may be used for sales of apartments within this and other projects, and may continue for many years into the future. Buyer understands and acknowledges that sales activities may include signs, extensive sales displays, public events and activities.

14. (a) If Closing occurs and any dispute or claim arises out of the Sales Agreement or in any way is connected with the design, development, construction, sale, marketing, financing, warranties, or any other activity or matter relating to the Property, between buyer and Seller (a "Dispute"), and the parties to such Dispute are unable to resolve the Dispute through negotiation, buyer and Seller each agree first to attempt in good faith to settle such Dispute by non-binding mediation conducted in Honolulu, Hawaii. The mediation shall be conducted under the Commercial Mediation Rules of the American Arbitration Association ("AAA") except as may be inconsistent with this section; provided, however, that the parties may agree on the selection of a single mediator instead of having a mediator appointed by AAA, and the parties may agree to use a recognized mediation service other than AAA. The costs for the mediator shall be shared equally by the parties, and each party shall be responsible to pay all other fees and costs, including attorneys' fees, that it incurs in connection with the mediation. At Seller's option, the mediation shall include any of Seller's agents, architects, consultants, engineers, contractors, subcontractors, suppliers, representatives or other third parties (the "Other ADR Parties") as parties.

(b) If Closing occurs and the parties are unable to resolve the Dispute through mediation as provided in the preceding section within 30 calendar days after either party's written request to the other to commence the mediation process, then such Dispute shall be decided in Honolulu, Hawaii, by neutral binding arbitration. The arbitration shall be conducted before a single arbitrator acting under the Commercial Arbitration Rules of the AAA, except as may be inconsistent with this section; provided, however, that the parties may agree on the selection of a single arbitrator instead of having an arbitrator appointed by AAA, and the parties may agree to use a recognized arbitration service other than AAA. Judgment upon an award rendered by the arbitrator may be entered in any court having jurisdiction thereof in accordance with Chapter 658 of the Hawaii Revised Statutes. The costs for such arbitrator shall be shared equally by the parties, and each party shall be responsible to pay all other fees and costs, including attorneys' fees, that it incurs in connection with the arbitration. No punitive damages shall be awarded in any Dispute involving buyer, Seller or any Other ADR Parties. At Seller's option, the arbitration shall include any of the Other ADR Parties as parties.

15. The buyer agrees that buyer may not transfer the Sales Agreement or any of buyer's rights or interests under the Sales Agreement without first getting Seller's written consent (which Seller may withhold in its sole and absolute discretion).

NOTE: ALL BUYERS SHOULD READ THE SALES AGREEMENT IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE SALES AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF

SOME OF THE ITEMS CONTAINED IN THE SALES AGREEMENT, AND DOES NOT ALTER OR AMEND THE SALES AGREEMENT IN ANY MANNER.

CONDOMINIUM PUBLIC REPORT ON
LALEA AT HAWAII KAI - PHASE IV

EXHIBIT J

SUMMARY OF ESCROW AGREEMENT

Copies of the Escrow Agreement between the Seller and Title Guaranty Escrow Services, Inc. have been submitted to the Real Estate Commission and are available for inspection in the Sales Office of the Seller. The Escrow Agreement, among other things, covers in more detail the following items:

1. All monies received by Escrow under the Escrow Agreement will be deposited within a reasonable time of their receipt by Escrow and in reasonably convenient and practical sums in a special account or accounts with a federally insured bank or savings and loan association in Honolulu, Hawaii. The accounts must provide for interest at the prevailing interest rate, and all interest paid on the accounts will belong to Seller.

2. Disbursements from the buyer's escrow fund shall be made by Escrow in accordance with the respective sales contracts upon the direction of Seller.

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.