

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer: Diamond Head Surf Corp., a Hawaii corporation
Address: 3810 Leahi Avenue, Honolulu, Hawaii 96815
Project Name (*): DIAMOND HEAD SURF
Address: 3810 / 3824 Leahi Avenue, Honolulu, Hawaii 96815

Registration No. 4444

Effective date: July 5, 2000
Expiration date: August 5, 2001

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

X FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[X] 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. Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

Conversion of Existing Housing Cooperative; Eligibility Requirements for Purchase:

This is a conversion from an existing housing cooperative. A Proprietary Lease and Stock Certificate was issued for each apartment in the housing cooperative. In connection with this conversion, each of the Proprietary Leases are being terminated, pursuant to a vote of the cooperative's shareholders. In order to be eligible to purchase an apartment in the condominium project pursuant to this public report, a prospective purchaser must turn in to the Developer, Diamond Head Surf Corp., the Stock Certificate appurtenant to such apartment. Because each proprietary lessee will, in effect, simply be exchanging its proprietary lease for a condominium apartment lease, no sales contracts will be used.

Sandwich Leases Acquisition Loan:

Diamond Head Surf Corp. previously acquired certain sandwich leases covering the subject property. Some proprietary lessees paid in full their share of the cost of such acquisition. However, some proprietary lessees did not pay their share in full. For those 16 proprietary lessees, the Developer obtained a loan from City Bank. The loan remains in effect and a mortgage in favor of City Bank presently encumbers the entire Project. However, concurrently with the issuance of the apartment leases, the mortgage will be amended to encumber only those 16 apartments whose lessees are obligated under the City Bank loan. Those apartment lessees shall remain liable for their apartment's proportionate share of the loan. The form of Amendment to Mortgage; Cancellation of Assignment of Lessor's Interest in Leases as Security that will be used is attached to this report as Exhibit "J."

Individual Unit Loans:

Bank of Hawaii currently has mortgage loans covering a number of the proprietary leases. Concurrently with the issuance of the apartment leases, the mortgages will be amended to cover the condominium apartment leases. The form of Amendment to Mortgage that will be used for each of those mortgages is attached to this report as Exhibit "K."

This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it warrant that all applicable County codes, ordinances, and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: **Diamond Head Surf Corp.** Phone: **(808) 926-8686**
Name* (Business)

3810 Leahi Avenue
Honolulu, Hawaii 96815
Business Address

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

President/Treasurer	Carl F. Reber
Vice President/Secretary	Ralph Klein
Director	Richard Choy
Director	Gunter Schwab
Director	[Vacant]

Real Estate
Broker*: **None. See page 20.** Phone: **N/A**

Escrow: **Old Republic Title & Escrow of Hawaii** Phone: **(808) 566-0100**
Name (Business)
Attention: Mr. Lui Samsonas
733 Bishop Street, Suite 2700
Honolulu, Hawaii 96813
Business Address

General
Contractor*: **N/A** Phone: **N/A**

Condominium
Managing
Agent*: **Hawaiiana Management Company, Ltd.** Phone: **(808) 593-9100**
Name (Business)
Attention: Mr. John Yates
711 Kapiolani Boulevard, 7th Floor
Honolulu, Hawaii 96814
Business Address

Attorney for
Developer: **William C. Byrns, Esq.** Phone: **(808) 523-3080**
Name (Business)
c/o MacDonald Rudy & Byrns
1001 Bishop Street, Pacific Tower #2650
Honolulu, Hawaii 96813
Business Address

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

II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances Document No. 2000-055821
 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]: N/A

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 3082
 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]: N/A

- C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances Document No. 2000-055822
 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]: N/A

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

The House Rules for this condominium are:

Proposed **Adopted** Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

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

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

2. Developer:

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

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

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

Lease Term Expires: **June 30, 2033** Rent Renegotiation Date(s): **July 1, 2008**

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Sub-leaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:**
 Canceled **Foreclosed**
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same Terms contained in the sublease even if the master lease is canceled or foreclosed.
- Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the 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: **3810 / 3824 Leahi Avenue, Honolulu, HI 96815** Tax Map Key (TMK): **(1) 3-1-26:29 and 30**

Address TMK is expected to change because: **N/A**

Land Area: 32,420

[X] square feet acre(s)

Zoning: A-2

Lessor
 (Fee Owner): **Bank of Hawaii, by its division Pacific Century Trust
 as Trustee under Land Trust No. 89438**
 Name
111 So. King Street
Financial Plaza of the Pacific
Honolulu, HI 96813
 Address

Sublessor: **Diamond Head Surf Corp.**
 Name
3810 Leahi Avenue
Honolulu, HI 96815
 Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: **two (2)** Floors Per Building: **two (2)**

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other: **Masonry**

4. Permitted Uses by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>	No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	40	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other: _____	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

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:

Pets: Owners and tenants may have one (1) pet per apartment not to exceed twenty (20) pounds.

Number of Occupants: _____

Other: Ask to examine adopted House Rules.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: Apt. Type	N/A	Stairways: _____		Trash Chutes: N/A	
		Quantity	BR/Bath Living Area (sf)*	Net Other Area (sf)	Net Apt. Nos.
A	4	0 / 1	320.5	--	101, 111, 201, 211
A-R	4	0 / 1	320.5	--	102, 112, 202, 212
B	4	1 / 1	427.5	--	103, 113, 203, 213
B-R	4	1 / 1	427.5	--	104, 114, 204, 214
C	1	1 / 1	476.0	--	110
D	9	2 / 1	613.5	--	107, 109, 115, 117, 119, 207, 209, 217, 219
D-R	11	2 / 1	613.5	--	106, 108, 116, 118, 120, 206, 208, 210, 216, 218, 220
E	1	2 / 1	755.5	--	105
F	1	2 / 1	759.5	--	215
G	1	2 / 1	827.0	--	205

Total Number of Apartments: **40**

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

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

Boundaries of Each Apartment: Each Apartment shall be deemed to include all walls, columns and partitions which are not load-bearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, any doors, door frames, windows and window frames along perimeters, the airspace within the perimeters and all the fixtures installed therein.

Permitted Alterations to Apartments: Restoration or replacement of the project or of any building, or construction of any additional building or structural alteration or addition to any structure, different in any material respect from the Condominium Map, shall be undertaken by the Association or any Apartment owners only pursuant to an amendment of the Declaration of Condominium Property Regime, 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 first mortgages covering seventy-five percent (75%) of the apartments in the project or such higher percentage as may be required by the Act, and in accordance with complete plans and specifications therefor first approved in writing by the Board and by the Lessor, and promptly upon completion of such restoration, replacement, construction, alteration or addition, the Association shall duly record or 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 provision in the Declaration to the contrary, nonmaterial structural additions to the common elements, or any alternations or additions within an Apartment or within a limited common element appurtenant to and for the exclusive use of such Apartment which do not alter any of the characteristics of such Apartment or limited common element shall require the written consent thereto and the written approval of the apartment owner's plans therefor by only the holders of all liens affecting such Apartment (if the lien holders require such consent and approval), the Board and all other Apartment owners thereby directly affected (as determined by the Board), and may be undertaken without an amendment to the Declaration or filing of a complete set for floor plans of the project as so altered. "Nonmaterial structural additions," as used herein, shall mean a structural addition to the common elements which does not jeopardize the soundness or safety of the project, reduce the value thereof, impair any easement or hereditament, detract from the appearance of the project, interfere with or deprive any nonconsenting owner of the use or enjoyment of any part of the project or directly affect any nonconsenting owner.

7. Parking Stalls:

Total Parking Stalls: **31**

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	_____	31	_____	_____	_____	_____	31
Guest Unassigned	_____	--	_____	_____	_____	_____	_____
Extra for Purchase	_____	--	_____	_____	_____	_____	_____
Other:	_____	--	_____	_____	_____	_____	_____
Total Covered & Open:	31		0		0		31

Some apartments do not have an assigned parking stall.

Commercial parking garage permitted in condominium project.

Exhibit C 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 Enclosure(s)**

Other: _____

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

There are no violations. Violations will not be cured.

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

A letter from the Department of Planning and Permitting dated August 9, 1999, is attached hereto as Exhibit H.

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):

Based upon the verified statement of an independent Hawaii registered professional architect, all structural components and mechanical and electrical installations material to the use and enjoyment of the project appear to be in fair condition; however, no representations of any kind are made as to the expected useful life, if any, of the structural components and mechanical and electrical installations of the project. See Exhibit I.

11. Conformance to Present Zoning Code

a. **No variances to zoning code have been granted.**

Variance(s) to zoning code was/were granted as follows:

See Exhibit H.

b. Conforming/Non-Conforming Uses, Structures, Lot

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>	<u>Unknown</u>	
Uses	_____	_____	_____	<u> X </u>	See Exhibit H
Structures	_____	<u> X </u>	_____	_____	
Lot	_____	_____	_____	<u> X </u>	
Parking Stalls	_____	<u> X </u>	_____	_____	

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

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

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

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

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

described in Exhibit __.

as follows:

The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof, except as provided in the Act. Any such partition or division shall be subject to the prior consent thereto by the holder(s) of all first mortgages on Apartments.

The common elements presently include the remaining portions of the Project including, without limitation:

- a. The Land;
- b. All foundations, floor slabs, sewers, columns, girders, beams, supports, unfinished perimeter walls, load-bearing walls and roofs;
- c. The pool and surrounding deck area;
- d. All grounds, trees, gardens, landscaping, planters, and entries;
- e. All laundry areas, electrical rooms, and maintenance and storage areas;
- f. All fences, yards and gates;
- g. All refuse containers and areas;
- h. All roads, parking areas, driveways, walkways, stairways, building entries and corridors;
- i. All ducts, electrical equipment, wiring, pipes and other central appurtenant transmission facilities over, under and across the Project which serve more than one Apartment for services such as power, light, water, gas, sewers, telephone and television signal distribution;
- j. Any and all other appurtenant installations of common use and all other parts of the Project necessary and convenient to its existence, maintenance and safety or normally in common use.

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

There are no limited common elements in this project.

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

described in Exhibit ___.

as follows:

Certain parts of the common elements, herein called and designated "limited common elements", are hereby set aside and reserved for the exclusive use of certain Apartments and such Apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements shall consist of:

- a. The automobile parking stall, if any, designated on Exhibit "C" attached hereto and make a part hereof (some Apartments do not have a parking stall).
- b. One mailbox bearing the number corresponding to the number of an Apartment.
- c. The lanai, if any, appurtenant to such Apartment.

Notwithstanding any provisions herein or in the Bylaws to the contrary, all costs and expenses, including, but not limited to, maintenance, repair, replacement, additions and improvements to any of the limited common elements of the Project shall be charged to the owner of the Apartment to which such limited common element is appurtenant. Expenses which are attributable to more than one owner's limited common element shall be equitably allocated among the affected limited common elements, as the case may be. Any expense that cannot be separately identified or attributed to a limited common element shall be charged as a common expense.

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

described in Exhibit D.

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 E describes the encumbrances against the title contained in the title report dated May 11, 2000, issued by Old Republic Title and Escrow of Hawaii.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults Or Lien is Foreclosed Prior to Conveyance</u>
Mortgage	The buyer's interest will be terminated and buyer's deposit returned, less escrow cancellation fees.

F. Construction Warranties:

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

1. Building and Other Improvements: **The project is a conversion of fully constructed and existing buildings to condominium status. Based upon the Verified Statement of the Building Department (See Exhibit H), the buildings were in compliance with all ordinances, codes, rules, regulations and other requirements in force at the time of their construction. In addition, no variance or special permit had been granted from any ordinance, code, rule, regulation or other requirement in force at the time of the construction or from any other ordinance, code, rule, regulation or other requirement. NO WARRANTIES FOR FITNESS OF USE OR MERCHANTABILITY OR ANY OTHER KIND ARE MADE AS TO THE INDIVIDUAL CONDOMINIUM APARTMENTS OR THE COMMON ELEMENT OF THE APARTMENT. PURCHASERS ARE ADVISED TO CONDUCT THEIR OWN INSPECTION OF THE APARTMENT THEY DESIRE TO PURCHASE. THE APARTMENTS ARE SOLD "AS IS."**
2. Appliances: **None.**

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

Construction of the units was completed in 1959.

H. Project Phases:

The developer 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).

N/A

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract -- None**
(Because each proprietary lessee will, in effect, simply be exchanging its proprietary lease for a condominium apartment lease, no sales contracts will be used.)
- Escrow Agreement dated June 15, 2000**
Exhibit G contains a summary of the pertinent provisions of the escrow agreement.
- Other: Exhibit H is a letter dated August 9, 1999, from the City and County of Honolulu Department of Planning and Permitting**
Exhibit I is the verified statement of a registered architect.

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

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

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is part of Registration No. **4444** filed with the Real Estate Commission on **June 13, 2000**.

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

YELLOW paper stock **WHITE paper stock** PINK paper stock

C. Additional Information Not Covered Above:

1. With respect to the estimate of monthly maintenance fees attached hereto as Exhibit F, the Developer has not conducted a reserve study in accordance with Section 514A-83.6, Hawaii Revised Statutes, and the replacement reserve rules, Subchapter 6, Chapter 107, Hawaii Administrative Rules, as amended.
2. The Developer does not presently intend to use a real estate broker for the sale of apartments in the project.

In the event the Developer chooses to use a real estate broker for the sale of an apartment, prior to entering into a binding contract for such sale the Developer shall (i) submit to the Real Estate Commission a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, and (ii) provide a copy of the disclosure abstract to the purchaser together with a copy of this public report.

**Diamond Head Surf
Lease Rent Renegotiation and Surrender**

The property is covered by a Master Lease, effective July 1, 1958, recorded in the Bureau of Conveyances of the State of Hawaii in Book 3440, Page 298, as amended. The Master Lease covers the subject property as well as other lots in Pualei Circle. The term of the Lease is from July 1, 1958 to June 30, 2033. The lease rent was fixed for the first 25-year period, i.e., until June 30, 1983, at \$45,150 per year. The lease rent was renegotiated on July 1, 1983. Diamond Head Surf Corp. currently pays \$6,118.80 per month. The lease rent renegotiates again on July 1, 2008. The renegotiation clause under the Master Lease reads as follows:

The annual rental to be paid for and during the following twenty-five (25) years of said term shall be such annual rental as shall be mutually agreed upon by the Lessor and Lessee or, in the event of failure to reach an agreement, such annual rental as shall be determined by the appraiser appointed by the Lessor and Lessee, said appraiser's determination to be final and conclusive, but in any event, said annual rental to be not less than FORTY-FIVE THOUSAND ONE HUNDRED FIFTY DOLLARS (\$45,150.00) nor more than an increase of twenty-five per cent (25%) over the rental of the initial twenty-five year period.

The annual rental to be paid for and during the remaining twenty-five (25) years of said term shall be such annual rental as shall be mutually agreed upon by the Lessor and Lessee or, in the event of failure to reach an agreement, such annual rental as shall be determined by an appraiser appointed by the Lessor and Lessee, said appraiser's determination to be final and conclusive, but in any event, said annual rental to be not less than FORTY-FIVE THOUSAND ONE HUNDRED FIFTY DOLLARS (\$45,150.00) nor more than an increase of twenty-five per cent (25%) of the rental paid during the preceding twenty-five year period.

The surrender clause under the Master Lease reads as follows:

5. That on the expiration of the term hereby demised, or sooner determination thereof as in this lease provided, he will peaceably and quietly leave and surrender and deliver up to the Lessor possession of the demised premises together with all improvements thereon in good repair, order and condition, reasonable wear and tear excepted, it being understood and agreed that if the Lessee shall at that time be in good standing without any then existing default or violation of any previous covenant or condition in this lease contained but not otherwise, the Lessee may then remove from said premises all trade fixtures placed by him on said premises on the express condition that the Lessee replace and repair all damage to said premises caused by or resulting from the removal of such fixtures.

**Diamond Head Surf
Schedule of Lease Rent**

Apartment No.	Monthly Lease Rent x 12 Months	Yearly Total
101, 102, 111, 112, 201, 212, 211, 212	\$7.96 x 12	\$ 95.52
103, 104, 113, 114, 203, 204, 213, 214	\$10.48 x 12	\$125.76
110	\$11.80 x 12	\$141.60
106, 107, 108, 109, 115, 116, 117, 118, 119, 120	\$14.76 x 12	\$177.12
206, 207, 208, 209, 210, 216, 217, 218, 219, 220	\$14.76 x 12	\$177.12
105	\$18.33 x 12	\$219.96
215	\$18.17 x 12	\$218.04
205	\$18.88 x 12	\$226.56

**Diamond Head Surf
Parking Stall Designations**

<u>Parking Stall No.</u>	<u>Apartment No.</u>
1	205
2	204
3	203
4	202
5	201
6	109
7	105
8	115
9	111
10	114
11	214
12	209
13	215
14	213
15	211
16	102
17	104
18	103
19	218
20	118
21	208
22	117
23	110
24	210
25	219
26	217
27	116
28	119
29	115
30	220
31	120

Note: Apartments 101, 106, 107, 108, 112, 113, 206, 207, 212, and 216 do not have parking stalls. Apartment 115 has two parking stalls.

Diamond Head Surf
Schedule of Apartments' Common Interests

The undivided common interests in the common elements appurtenant to each Apartment for all purposes, including voting, is as follows:

Apt. No. 101	1.5604%
Apt. No. 102	1.5604%
Apt. No. 103	2.0551%
Apt. No. 104	2.0551%
Apt. No. 105	3.5934%
Apt. No. 106	2.8950%
Apt. No. 107	2.8950%
Apt. No. 108	2.8950%
Apt. No. 109	2.8950%
Apt. No. 110	2.3128%
Apt. No. 111	1.5604%
Apt. No. 112	1.5604%
Apt. No. 113	2.0551%
Apt. No. 114	2.0551%
Apt. No. 115	2.8950%
Apt. No. 116	2.8950%
Apt. No. 117	2.8950%
Apt. No. 118	2.8950%
Apt. No. 119	2.8950%
Apt. No. 120	2.8950%
Apt. No. 201	1.5604%
Apt. No. 202	1.5604%
Apt. No. 203	2.0551%
Apt. No. 204	2.0551%
Apt. No. 205	3.7020%
Apt. No. 206	2.8950%
Apt. No. 207	2.8950%
Apt. No. 208	2.8950%
Apt. No. 209	2.8950%
Apt. No. 210	2.8950%
Apt. No. 211	1.5604%
Apt. No. 212	1.5604%
Apt. No. 213	2.0551%
Apt. No. 214	2.0551%
Apt. No. 215	3.5678%
Apt. No. 216	2.8950%
Apt. No. 217	2.8950%
Apt. No. 218	2.8950%
Apt. No. 219	2.8950%
Apt. No. 220	<u>2.8950%</u>
TOTAL:	100.00%

**Diamond Head Surf
Encumbrances Against Title**

1. MASTER LEASE

Dated : March 15, 1958
Recorded : in the Bureau of Conveyances, State of Hawaii, in Book 3440,
Page 298
Lessor : MANUEL GOMES, husband of Cosie Gomes
Lessee : ALBERT M. FELIX, husband of Irene P. Felix, CLYDE K.
YAMAMOTO, unmarried, and HIROO NAKAO, husband of Lily
S. Nakao
Term : Seventy-five (75) years from July 1, 1958 to and including June
30, 2033.

Said Master Lease was amended by the following instruments:

Dated	:	July 23, 1958	Book 3517	Page 46
Dated	:	December 11, 1964	Book 4922	Page 588
Dated	:	May 21, 1971	Book 7560	Page 6
Dated	:	August 19, 1971	Book 7782	Page 183
Dated	:	March 12, 1975	Book 10707	Page 33
Dated	:	September 15, 1978	Book 13148	Page 91

A. ASSIGNMENT thereof, through mesne assignments, by instrument:

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as
Document No. 93-170478
Assignor : T. G. SUPER EXCHANGE CORP., a Hawaii corporation
Assignee : DIAMOND HEAD SURF CORP., a Hawaii corporation

B. ASSIGNMENT thereof, through mesne assignments, by instrument:

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as
Document No. 94-170479
Assignor : BISHOP TRUST COMPANY, LIMITED, a Hawaii
corporation, Trustee under Deed of Trust dated September
23, 1958, made by Albert M. Felix, Clyde K. Yamamoto
and Hiroo Nakao, recorded in the Bureau of Conveyances,
State of Hawaii, in Book 3556, Page 160, as amended.
Assignee : DIAMOND HEAD SURF CORP., a Hawaii corporation

2. Restrictive covenants and conditions agreement relative to the use of the demised premises as contained in that certain instrument dated December 28, 1957, recorded in the Bureau of Conveyances, State of Hawaii, in Book 3492, Page 106.

3. AS TO LOT 1 ONLY:

A. SUBLEASE

Dated : December 2, 1958
Recorded : in the Bureau of Conveyances, State of Hawaii, in Book 3555, Page 202
Lessor : ALBERT M. FELIX, husband of Irene P. Felix, CLYDE K. YAMAMOTO, unmarried, and HIROO NAKAO, husband of Lily S. Nakao
Lessee : FINANCE INVESTMENT COMPANY, LTD., a Hawaii corporation
Term : Seventy-five (75) years commencing on July 1, 1958 to and including June 30, 2033

B. AMENDMENT thereof by instrument:

Dated : December 31, 1958
Recorded : in the Bureau of Conveyances, State of Hawaii, in Book 3570, Page 363

The Sublessor's interest thereunder was assigned through mesne assignments, by instruments:

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 93-170478
Assignor : T. G. SUPER EXCHANGE CORP., a Hawaii corporation
Assignee : DIAMOND HEAD SURF CORP., a Hawaii corporation

(As to an undivided 1/3 interest)

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 93-170479
Assignor : BISHOP TRUST COMPANY, LIMITED, a Hawaii corporation, Trustee under Deed of Trust dated September 23, 1958, made by Albert M. Felix, Clyde K. Yamamoto and Hiroo Nakao, recorded in the Bureau of Conveyances, State of Hawaii, in Book 3556, Page 160, as amended
Assignee : DIAMOND HEAD SURF CORP., a Hawaii corporation

(As to an undivided 2/3 interest)

The Sublessee's interest thereunder was assigned through mesne assignments, by instrument:

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 93-170476
Assignor : T. G. SUPER EXCHANGE CORP., a Hawaii corporation
Assignee : DIAMOND HEAD SURF CORP., a Hawaii corporation

CONSENT thereto:

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 98-170477
By : BISHOP TRUST COMPANY, LIMITED, a Hawaii corporation, Trustee under Deed of Trust of Albert M. Felix, Clyde K. Yamamoto and Hiroo Nakao, dated September 23, 1958, as amended.

GRANT OF EASEMENT

Dated : December 3, 1958
Recorded : in the Bureau of Conveyances, State of Hawaii, in Book 3577, Page 227
In favor of : HAWAIIAN ELECTRIC COMPANY, LIMITED and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED
Granting : A perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground power lines, etc., for the transmission of electricity, over, across, through and under said Lot.

4. AS TO LOT 2 ONLY:

A. SUBLEASE

Dated : December 2, 1958
Recorded : in the Bureau of Conveyances, State of Hawaii, in Book 3555, Page 215
Lessor : ALBERT M. FELIX, husband of Irene P. Felix, CLYDE K. YAMAMOTO, unmarried, and HIROO NAKAO, husband of Lily S. Nakao
Lessee : FINANCE INVESTMENT COMPANY, LTD., a Hawaii corporation
Term : Seventy-five (75) years commencing on July 1, 1958 to and including June 30, 2033

B. AMENDMENT thereof by instrument:

Dated : December 31, 1958
Recorded : in the Bureau of Conveyances, State of Hawaii, in Book 3570, Page 371

The Sublessor's interest thereunder was assigned through mesne assignments, by instruments:

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 93-170478
Assignor : T. G. SUPER EXCHANGE CORP., a Hawaii corporation
Assignee : DIAMOND HEAD SURF CORP., a Hawaii corporation

(As to an undivided 1/3 interest)

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 93-170479
Assignor : BISHOP TRUST COMPANY, LIMITED, a Hawaii corporation, Trustee under Deed of Trust dated September 23, 1958, made by Albert M. Felix, Clyde K. Yamamoto and Hiroo Nakao, recorded in the Bureau of Conveyances, State of Hawaii, in Book 3556, Page 160, as amended.

(As to an undivided 2/3 interest)

The Sublessee's interest thereunder was assigned through mesne assignments, by instrument:

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 93-170476
Assignor : T. G. SUPER EXCHANGE CORP., a Hawaii corporation
Assignee : DIAMOND HEAD SURF CORP., a Hawaii corporation

CONSENT thereto:

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 93-170477
By : BISHOP TRUST COMPANY, LIMITED, a Hawaii corporation, Trustee under Deed of Trust of Albert M. Felix, Clyde K. Yamamoto and Hiroo Nakao, dated September 23, 1958, as amended.

5. SUB-SUBLEASE

Dated : December 3, 1959
Recorded : in the Bureau of Conveyances, State of Hawaii, in Book 3861, Page 217
Lessor : FINANCE INVESTMENT CO., LTD., a Hawaii corporation
Lessee : DIAMOND HEAD SURF CORP., a Hawaii corporation
Term : Fifty-five (55) years commencing on December 3, 1959 to and including December 31, 2014

The Lessor's interest thereunder was assigned through mesne assignments, by instruments:

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 93-170476
Assignor : T. G. SUPER EXCHANGE CORP., a Hawaii corporation
Assignee : DIAMOND HEAD SURF CORP., a Hawaii corporation

CONSENT thereto:

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 93-170477
Assignor : BISHOP TRUST COMPANY, LIMITED, a Hawaii corporation, Trustee under Deed of Trust of Albert M. Felix, Clyde K. Yamamoto and Hiroo Nakao, dated September 23, 1958, as amended.

6. AS TO ITEMS 1, 3, 4 AND 5:

THE MASTER LEASE AND SUBLEASES ARE SUBJECT TO THE FOLLOWING:

A. MORTGAGE to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof:

Amount: : \$1,091,472.00
Mortgagor : DIAMOND HEAD SURF CORP., a Hawaii corporation
Mortgagee : CITY BANK, a Hawaii corporation
Dated : October 12, 1993
Recorded : October 15, 1993, in the Bureau of Conveyances, State of Hawaii, as Document No. 93-170480.

B. ASSIGNMENT OF LESSOR'S INTEREST IN LEASES AS SECURITY

Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 93-170481
Assignor : DIAMOND HEAD SURF CORP., a Hawaii corporation
Assignee : CITY BANK, a Hawaii corporation
Assignor assigns all right, title and interest in and to the Proprietary Leases for the repayment of \$1,091,472.00.

7. Terms, provisions, conditions, covenants and reservations as contained in that certain Land Trust Agreement under Land Trust No. 89438, dated June 12, 1998, herein referred to and the effect of any failure to comply with such terms, provisions and conditions.
8. Real property taxes as may be due and owing. Check with the County Tax Assessor for current information.

DIAMOND HEAD SURF
ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly Fee x 12 months = Yearly Total</u>	
101, 102, 111, 112, 201, 202, 211, 212	\$111.04 x 12	= \$1,332.48
103, 104, 113, 114, 203, 204, 213, 214	\$122.59 x 12	= \$1,471.08
110	\$128.60 x 12	= \$1,543.20
106, 107, 108, 109, 115, 116, 117, 118, 119, 120	\$142.20 x 12	= \$1,706.40
206, 207, 208, 209, 210, 216, 217, 218, 219, 220	\$142.20 x 12	= \$1,706.40
105	\$158.51 x 12	= \$1,902.12
215	\$157.77 x 12	= \$1,893.24
205	\$161.05 x 12	= \$1,932.60

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

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

common elements only

\$375 x 12 months = \$4,500

common elements and apartments

Elevator

Gas

common elements only

\$ 85 x 12 months = \$ 1,020

common elements and apartments

Refuse Collection (City)

Telephone -0-

Water and Sewer

\$1,040 x 12 mos. = \$12,480

Maintenance, Repairs and Supplies

Building

\$ 525 x 12 mos. = \$ 6,300

Grounds

\$ 350 x 12 mos. = \$ 4,200

Management

Management Fee

\$ 666 x 12 mos. = \$ 7,992

Payroll and Payroll Taxes -0-

Office Expenses -0-

Insurance

Reserves(*)

\$60,000

Taxes and Government Assessments -0-

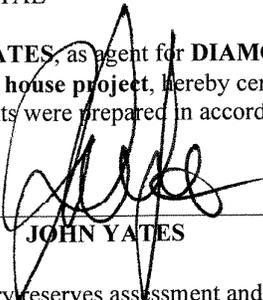
Audit Fees

\$ 516

Other

TOTAL

I, **JOHN YATES**, as agent for **DIAMOND HEAD SURF CORP.**, the condominium managing agent for the **DIAMOND HEAD SURF cooperative house project**, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

 (FOR THE B.O.D)

 JOHN YATES

2/22/06

 Date

(*)Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514A-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 1070, Hawaii Administrative Rules, as amended.

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

**Diamond Head Surf
Summary of Escrow Agreement**

The Escrow Agreement ("Agreement") between OLD REPUBLIC TITLE AND ESCROW OF HAWAII, INC., a Hawaii corporation, and DIAMOND HEAD SURF CORP., a Hawaii corporation, dated June 15, 2000, contains, among other provisions, the following (which may be modified or otherwise limited by provisions not summarized):

1. Whenever Seller enters into a sales contract for the sale of an apartment, Seller will require that payments due under the sales contract be made to Escrow and will deliver an executed copy of the sales contract to Escrow.

2. Escrow will receive payments under the sales contracts and sums received from any other source with respect to the project. Funds held under the Agreement will initially be deposited in an account for the project.

3. Requirements Prior to Disbursement of Purchaser's Funds. Escrow shall make no disbursements of Purchaser's funds unless and until all of the following have occurred:

(a) the Sales Contract "has become effective" under Chapter 514A, Hawaii Revised Statutes, as amended;

(b) a Final Public Report on the Project has been issued by the Real Estate Commission, Escrow has received a copy of Purchaser's receipt for such Final Public Report, and either (i) thirty (30) days have elapsed since Purchaser received for such Final Public Report or (ii) Purchaser has waived its right of rescission;

(c) the Purchaser's Apartment Deed has been filed; and

(d) Escrow has received evidence (such as title insurance) satisfactory to Escrow that forty-five (45) days have elapsed since the filing of the affidavit of publication of the Notice of Completion, or all mechanics' and materialmen's liens have been cleared or there are sufficient funds available to cover any such liens that may be filed.

4. Escrow will return deposited sums to the Buyer without interest if Seller gives Escrow written notice to return the funds to Buyer, or with respect to a Buyer whose funds were obtained before the issuance of a Final Public Report, Escrow receives from the Buyer a written request to cancel the sales contract or after issuance of the Final Public Report and Buyer's waiver of his right to cancel the sales contract in accordance with Section 514A-62, Hawaii Revised Statutes, there shall be any material change in the project which directly, substantially and adversely affects the use or value of the Buyer's apartment or appurtenant common elements or those amenities of the project available for Buyer's use, of a nature entitling the Buyer to cancel

his sales contract pursuant to Section 514A-63, Hawaii Revised Statutes. These funds shall be returned to Buyer less Escrow's cancellation fee, if any, any mortgagee's cancellation fee and all other costs incurred in connection with the Escrow.

5. With respect to an owner-occupant Buyer, if Buyer fails to obtain a mortgage loan commitment, or if during the ten-day period following the issuance of the first public report for the Project Buyer desires to cancel the Sales Contract on account of hardship circumstances, such as those set forth in Section 514A-104(1), H.R.S., or indicates an intent not to become an owner-occupant of the Apartment, the Sales Contract shall be cancelled and Seller shall cause Escrow to refund to Buyer all monies previously paid, without interest, less a reasonable amount (not exceeding \$250) representing expenses incurred by Seller to procure the Sales Contract, cancellation fees for Escrow, and all handling charges incurred by Seller or Seller's Broker.

6. As Escrow's compensation for its performance under this Agreement, Escrow will receive an amount to be determined by Escrow for each apartment for which an apartment deed of the project is handled by Escrow and recorded in the Bureau of Conveyances of the State of Hawaii. Escrow will record all applicable documents. Title insurance will also cost an additional sum.

7. Purchaser's Default. If at any time Seller shall certify in writing to Escrow that a Buyer whose funds are being held hereunder by Escrow has defaulted under the terms of its Sales Contract and that Seller has terminated such agreement pursuant to the terms thereof, Escrow shall notify the Buyer of its default and shall thereafter treat all funds of the Buyer paid on account of its Sales Contract, less any cancellation fee imposed by Escrow, as funds of Seller which were transmitted to Escrow as the escrowed funds of Seller and not of the Buyer.

* * * * *

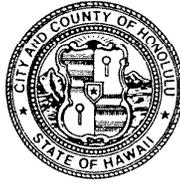
THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE AGREEMENT. WHILE ONE CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE AGREEMENT, HE MUST REFER TO THE ACTUAL AGREEMENT TO DETERMINE THE RIGHTS AND OBLIGATIONS OF THE PARTIES. IF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

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET • HONOLULU, HAWAII 96813
PHONE: (808) 523-4414 • FAX: (808) 527-6743

received
8/12/99

JEREMY HARRIS
MAYOR



JAN NAOE SULLIVAN
DIRECTOR

LORETTA K. C. CHEE
DEPUTY DIRECTOR

99/CLOG-4524

Ex99-58 (RO)

AUG 9 1999

Mr. William C. Byrns
Attorney at Law
MacDonald Rudy & Byrns,
Attorney at Law
Pacific Tower, Suite 2650
1001 Bishop Street
Honolulu, Hawaii 96813

Dear Mr. Byrns:

Subject: Condominium Conversion Project
Diamond Head Surf
3824 Leahi Street
Tax Map Key: 3-1-26: 29
3810 Leahi Street
Tax Map Key: 3-1-26: 30

This is in response to your letter dated May 10, 1999 requesting verification that the structures located at the above-mentioned property met all applicable code requirements at the time of construction.

Investigation revealed that the two 2-story 20-unit apartment buildings with 30 off-street parking spaces met all applicable code requirements when they were constructed in 1959.

For your information, the apartment structure (3810 Leahi Street) on parcel 30 is considered a nonconforming structure (setback) and the number of parking stalls is nonconforming. If the structure is destroyed by any means to an extent of more than 50 percent of its replacement cost at the time of destruction, it shall not be reconstructed except in conformity with Article 4 and other provisions of the Land Use Ordinance.

The Department of Planning and Permitting cannot determine all other legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes.

EXHIBIT

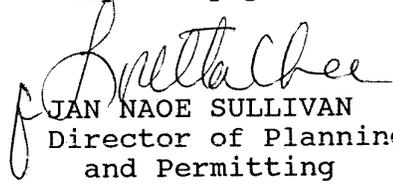
u # "
Page 1 of 2

Mr. William C. Byrns
Page 2

No variances or special permits were granted to allow deviations from any applicable codes.

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto at 527-6341.

Very truly yours,


JAN NAOE SULLIVAN
Director of Planning
and Permitting

JNS:fk

g:\dlu\general\bd\ex99-58.ro

LAND COURT

REGULAR SYSTEM

AFTER RECORDATION, RETURN BY MAIL. () PICKUP (x):

William C. Byrns, Esq.
MacDonald Rudy & Byrns
Suite 2650, Pacific Tower
1001 Bishop Street
Honolulu, Hawaii 96813

Document Nos. 93-170480
93-170481

**AMENDMENT TO MORTGAGE; CANCELLATION OF ASSIGNMENT
OF LESSOR'S INTEREST IN LEASES AS SECURITY**

MORTGAGOR : DIAMOND HEAD SURF CORP., a Hawaii corporation

MORTGAGEE : CITY BANK, a Hawaii corporation

THIS AMENDMENT TO MORTGAGE made this ___ day of _____, 2000, by and between **DIAMOND HEAD SURF CORP.**, a Hawaii corporation (hereinafter the "Mortgagor"), whose principal place of business and post office address is 3810 Leahi Avenue, Honolulu, Hawaii 96815, and **CITY BANK**, a Hawaii corporation, whose principal place of business and post office address is 201 Merchant Street, Honolulu, Hawaii 96813 (hereinafter the "Mortgagee"),

WITNESSETH :

WHEREAS, the Mortgagor, as mortgagor, executed in favor of the Mortgagee (i) that certain Mortgage (the "Mortgage") dated October 12, 1993, recorded in the Bureau of Conveyances of the State of Hawaii (the "Bureau") as Document No. 93-170480, granting to Mortgagee a lien in and to the property more particularly described therein, being all of the Mortgagor's right, title and interest in that certain leasehold cooperative housing project, the Diamond Head Surf, and (ii) that certain Assignment of Lessor's Interest in Leases as Security (the "Assignment") recorded in the Bureau as Document No. 93-170481;

WHEREAS, Diamond Head Surf has been converted from a cooperative housing corporation to a condominium project;

WHEREAS, in connection with such conversion, Diamond Head Surf Corp., a Hawaii corporation, as lessor, and the Mortgagor, as lessee, have executed and recorded in the Bureau, among other documents, sixteen (16) Diamond Head Surf Apartment Lease and Confirmation of Termination of Proprietary Leases (the "Apartment Leases") dated concurrently herewith and recorded in the Bureau concurrently herewith, covering apartment numbers 102, 105, 110, 112, 115, 117, 119, 201, 202, 204, 206, 207, 212, 213, 215, and 217 of the Diamond Head Surf condominium project (collectively the "Apartments"), as more particularly described in Exhibits "A-1" through "A-16" attached hereto and made a part hereof.

WHEREAS, the Mortgagor and the Mortgagee wish to amend the Mortgage so that it covers the sixteen (16) condominium Apartments rather than the entire cooperative housing project by replacing the property description attached to the Mortgage with a description of the sixteen (16) Apartment Leases.

WHEREAS, the Mortgagor and Mortgagee also wish to cancel the Assignment.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth and in further consideration of the sum of ONE AND NO/100 DOLLARS (\$1.00) paid by the Mortgagor to the Mortgagee, the receipt and sufficiency of which are hereby acknowledged, the Mortgagor and the Mortgagee, on behalf of themselves and their respective successors and assigns do hereby agree as follows:

1. The Assignment is hereby canceled.
2. Exhibit "A" attached to the Mortgage is hereby deleted and replaced in its entirety by Exhibits "A-1" through "A-16" attached hereto and made a part hereof.
3. All references to, and descriptions of, the mortgaged property in the Mortgage shall mean and include the Apartments as demised by the Apartment Leases.
4. The following paragraph is added to the Mortgage as paragraph ____ thereof:

#. Partial Releases. Upon payment of any Apartment's pro rata share of the loan secured by the Mortgage, including the outstanding principal and all accrued but unpaid interest and other charges, such Apartment shall be released from the lien and charge of the Mortgage. Each Apartment's "pro rata share" shall be calculated by the formula set forth for Subsequent Payoffs (partial releases) on Exhibit "B" attached hereto and made a part hereof, which shall be deemed to be attached to and part of the Mortgage. The party requesting such partial release shall bear all costs of preparation and recordation of the appropriate partial release instrument.
5. The Mortgage, as hereby amended, is ratified and confirmed.

IN WITNESS WHEREOF, the Mortgagor and the Mortgagee have caused this instrument to be executed on the day and year first above written.

DIAMOND HEAD SURF CORP.
a Hawaii corporation

By _____
Its

By _____
Its

“Mortgagor”

CITY BANK
a Hawaii corporation

By _____
Its

“Mortgagee”

STATE OF HAWAII)
) ss.
CITY AND COUNTY OF HONOLULU)

On this _____ day of _____, _____, before me personally appeared _____, and _____, the _____ and _____, respectively, of **DIAMOND HEAD SURF CORP.**, a Hawaii corporation, to me satisfactorily proven, who being by me duly sworn or affirmed, did say that they executed the foregoing instrument on behalf of said corporation by authority of its Board of Directors, and said officers acknowledge said instrument to be the free act and deed of said corporation.

Notary Signature

Notary Public
State of Hawaii

My commission expires:

Notary Name Typed or Printed

STATE OF HAWAII)
) ss.
CITY AND COUNTY OF HONOLULU)

On this _____ day of _____, _____, before me personally appeared _____, of **CITY BANK**, a Hawaii corporation, to me satisfactorily proven, who being by me duly sworn or affirmed, did say that _____ executed the foregoing instrument on behalf of said corporation by authority of its Board of Directors, and said officer acknowledged said instrument to be the free act and deed of said corporation.

[Notary Signature]

Notary Public
State of Hawaii
My commission expires: _____

[Notary Name Typed or Printed]

EXHIBIT "A"
(Purposely Deleted)

LAND COURT

REGULAR SYSTEM

AFTER RECORDATION, RETURN BY MAIL () PICKUP (x):

William C. Byrns, Esq.
MacDonald Rudy & Byrns
Suite 2650, Pacific Tower
1001 Bishop Street
Honolulu, Hawaii 96813

Document No. [Mortgage]
Document No. [Apartment Lease]

AMENDMENT TO MORTGAGE

MORTGAGOR : _____

MORTGAGEE : BANK OF HAWAII, a Hawaii corporation

THIS AMENDMENT TO MORTGAGE made this ___ day of _____, 2000, by
and between _____, (hereinafter the "Mortgagor"), whose residence and post
office address is _____, and
BANK OF HAWAII, a Hawaii corporation, whose principal place of business and post office
address is P. O. Box 2900, Honolulu, Hawaii 96846 (hereinafter the "Mortgagee"),

WITNESSETH :

WHEREAS, the Mortgagor, as mortgagor, executed in favor of the Mortgagee that certain Mortgage (the "Mortgage") recorded in the Bureau of Conveyances of the State of Hawaii (the "Bureau") as Document No. _____, granting to Mortgagee a lien in and to the property more particularly described therein, being all of the Mortgagor's right, title and interest in that certain Proprietary Lease dated _____, 19 __, recorded in the Bureau in Book _____, at Page _____, as amended and/or assigned, covering apartment no. ____ of the Diamond Head Surf cooperative housing corporation;

WHEREAS, Diamond Head Surf has been converted from a cooperative housing corporation to a condominium project;

WHEREAS, Diamond Head Surf Corp., a Hawaii corporation, as lessor, and the Mortgagor, as lessee, have executed and recorded in the Bureau that certain Diamond Head Surf Apartment Lease and Confirmation of Termination of Proprietary Lease (the "Apartment Lease") dated _____, _____, and recorded in the Bureau as Document No. _____, covering apartment no. ____ of the Diamond Head Surf condominium project (the "Apartment"), as more particularly described in Exhibit "A" attached hereto and made a part hereof.

WHEREAS, the Mortgagor and the Mortgagee wish to amend the Mortgage so that it covers the condominium Apartment rather than the cooperative apartment by replacing the description of the above-described Proprietary Lease attached as Exhibit "A" thereto with a description of the Apartment Lease.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth and in further consideration of the sum of ONE AND NO/100 DOLLARS

(\$1.00) paid by the Mortgagor to the Mortgagee, the receipt and sufficiency of which are hereby acknowledged, the Mortgagee hereby consents to the termination of the above-referenced Proprietary Lease and the Mortgagor and the Mortgagee, on behalf of themselves and their respective successors and assigns, do hereby agree as follows:

1. All references to, and descriptions of, the mortgaged property in the Mortgage shall mean and include the Apartment demised by the Apartment Lease.
2. Exhibit "A" attached to the Mortgage is hereby deleted and replaced in its entirety by Exhibit "A" attached hereto and made a part hereof.
3. The Mortgage, as hereby amended, is ratified and confirmed.

IN WITNESS WHEREOF, the Mortgagor and the Mortgagee have caused this instrument to be executed on the day and year first above written.

"Mortgagor"

BANK OF HAWAII
a Hawaii corporation

By _____
Its

"Mortgagee"

STATE OF _____)

) ss.

COUNTY OF _____)

On this _____ day of _____, _____, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument and acknowledged that he / she executed the same as his / her free act and deed.

Notary Signature

Notary Public in and for said
County and State
My commission expires:

Notary Name Typed or Printed

STATE OF HAWAII)
) ss.
CITY AND COUNTY OF HONOLULU)

On this _____ day of _____, _____, before me personally appeared _____ and _____, the _____ and _____, respectively of BANK OF HAWAII, a Hawaii corporation, by its division Pacific Century Trust, as Trustee, to me satisfactorily proven, who being by me duly sworn or affirmed, did say that _____ executed the foregoing instrument on behalf of said corporation by authority of its Board of Directors, and said officers acknowledged said instrument to be the free act and deed of said corporation.

[Notary Signature]

Notary Public
State of Hawaii
My commission expires: _____

[Notary Name Typed or Printed]

Exhibit "A"

ALL of the premises comprising a portion of that certain Condominium Project known as "DIAMOND HEAD SURF" (hereinafter called the "Project") consisting of those certain parcels of land situate at Waikiki, Honolulu, City and County of Honolulu, State of Hawaii, and the improvements and appurtenances thereof, all as described in and established by Declaration of Condominium Property Regime of Diamond Head Surf dated April 11, 2000, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2000-055821, as the same has been and from time to time hereafter may be further amended (hereinafter, the "Declaration"), described as follows:

1. Apartment No. ____ as shown on the plans of the Project recorded in said Bureau as Condominium Map No. 3082.

Together with the following appurtenant easements:

1. An exclusive right to use that certain parking stall no. ____ as shown on said Condominium Map.
 2. Nonexclusive easements for ingress and egress and support of said Apartment through the common elements of the Project and for repair of said Apartment through all other apartments and through the common elements of the Project.
2. An undivided ____% interest as tenant in common in and to the common elements of the Project, including the land described below.

THE LAND UNDERLYING THE PROJECT IS DESCRIBED AS FOLLOWS:

All that certain parcel of land situate at Waikiki, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

LOT 1, area 16,226 square feet, more or less;

LOT 2, area 16,194 square feet, more or less and delineated on the map entitled "LEAHI AVENUE SUBDIVISION," which said map was filed in the Bureau of Conveyances of the State of Hawaii as File Plan No. 613.

SUBJECT, HOWEVER, to the following:

1. MASTER LEASE

Dated : March 15, 1958
Recorded : in the Bureau of Conveyances, State of Hawaii, in Book 3440, Page 298
Lessor : MANUEL GOMES, husband of Cosie Gomes
Lessee : ALBERT M. FELIX, husband of Irene P. Felix, CLYDE K. YAMAMOTO, unmarried, and HIROO NAKAO, husband of Lily S. Nakao
Term : Seventy-five (75) years from July 1, 1958 to and including June 30, 2033.

Amendments thereto:

Dated	:	July 23, 1958	Book 3517	Page 46
Dated	:	December 11, 1964	Book 4922	Page 588
Dated	:	May 21, 1971	Book 7560	Page 6
Dated	:	August 19, 1971	Book 7782	Page 183
Dated	:	March 12, 1975	Book 10707	Page 33
Dated	:	September 15, 1978	Book 13148	Page 91

1. Assignments thereof:

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 93-170478
Assignor : T. G. SUPER EXCHANGE CORP., a Hawaii corporation
Assignee : DIAMOND HEAD SURF CORP., a Hawaii corporation

B. ASSIGNMENT thereof, through mesne assignments, by instrument:

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 94-170479
Assignor : BISHOP TRUST COMPANY, LIMITED, a Hawaii corporation, Trustee under Deed of Trust dated September 23, 1958, made by Albert M. Felix, Clyde K. Yamamoto and Hiroo Nakao, recorded in the Bureau of Conveyances, State of Hawaii, in Book 3556, Page 160, as amended.
Assignee : DIAMOND HEAD SURF CORP., a Hawaii corporation

2. Restrictive covenants and conditions agreement relative to the use of the demised premises as contained in that certain instrument dated December 28, 1957, recorded in the Bureau of Conveyances, State of Hawaii, in Book 3492, Page 106.

3. AS TO LOT 1 ONLY:

1. SUBLEASE
 - Dated : December 2, 1958
 - Recorded : in the Bureau of Conveyances, State of Hawaii, in Book 3555, Page 202
 - Lessor : ALBERT M. FELIX, husband of Irene P. Felix, CLYDE K. YAMAMOTO, unmarried, and HIROO NAKAO, husband of Lily S. Nakao
 - Lessee : FINANCE INVESTMENT COMPANY, LTD., a Hawaii corporation
 - Term : Seventy-five (75) years commencing on July 1, 1958 to and including June 30, 2033

2. AMENDMENT thereof by instrument:
 - Dated : December 31, 1958
 - Recorded : in the Bureau of Conveyances, State of Hawaii, in Book 3570, Page 363

The Sublessor's interest thereunder was assigned through mesne assignments, by instruments:

- Dated : October 15, 1993
- Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 93-170478
- Assignor : T. G. SUPER EXCHANGE CORP., a Hawaii corporation
- Assignee : DIAMOND HEAD SURF CORP., a Hawaii corporation

(As to an undivided 1/3 interest)

- Dated : October 15, 1993
- Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 93-170479
- Assignor : BISHOP TRUST COMPANY, LIMITED, a Hawaii corporation, Trustee under Deed of Trust dated September 23, 1958, made by Albert M. Felix, Clyde K. Yamamoto and Hiroo Nakao, recorded in the Bureau of Conveyances, State of Hawaii, in Book 3556, Page 160, as amended
- Assignee : DIAMOND HEAD SURF CORP., a Hawaii corporation

(As to an undivided 2/3 interest)

The Sublessee's interest thereunder was assigned through mesne assignments, by instrument:

- Dated : October 15, 1993
- Recorded : in the Bureau of Conveyances, State of Hawaii, as Document

No. 93-170476
Assignor : T. G. SUPER EXCHANGE CORP., a Hawaii corporation
Assignee : DIAMOND HEAD SURF CORP., a Hawaii corporation

CONSENT thereto:

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 98-170477
By : BISHOP TRUST COMPANY, LIMITED, a Hawaii corporation, Trustee under Deed of Trust of Albert M. Felix, Clyde K. Yamamoto and Hiroo Nakao, dated September 23, 1958, as amended.

GRANT OF EASEMENT

Dated : December 3, 1958
Recorded : in the Bureau of Conveyances, State of Hawaii, in Book 3577, Page 227
In favor of : HAWAIIAN ELECTRIC COMPANY, LIMITED and GTE HAWAIIAN TELEPHONE COMPANY INCORPORATED
Granting : A perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground power lines, etc., for the transmission of electricity, over, across, through and under said Lot.

4. AS TO LOT 2 ONLY:

1. SUBLEASE

Dated : December 2, 1958
Recorded : in the Bureau of Conveyances, State of Hawaii, in Book 3555, Page 215
Lessor : ALBERT M. FELIX, husband of Irene P. Felix, CLYDE K. YAMAMOTO, unmarried, and HIROO NAKAO, husband of Lily S. Nakao
Lessee : FINANCE INVESTMENT COMPANY, LTD., a Hawaii corporation
Term : Seventy-five (75) years commencing on July 1, 1958 to and including June 30, 2033

B. AMENDMENT thereof by instrument:

Dated : December 31, 1958
Recorded : in the Bureau of Conveyances, State of Hawaii, in Book 3570,
Page 371

The Sublessor's interest thereunder was assigned through mesne assignments, by instruments:

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document
No. 93-170478
Assignor : T. G. SUPER EXCHANGE CORP., a Hawaii corporation
Assignee : DIAMOND HEAD SURF CORP., a Hawaii corporation

(As to an undivided 1/3 interest)

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document
No. 93-170479
Assignor : BISHOP TRUST COMPANY, LIMITED, a Hawaii
corporation, Trustee under Deed of Trust dated
September 23, 1958, made by Albert M. Felix, Clyde K.
Yamamoto and Hiroo Nakao, recorded in the Bureau of
Conveyances, State of Hawaii, in Book 3556, Page 160,
as amended.

(As to an undivided 2/3 interest)

The Sublessee's interest thereunder was assigned through mesne assignments, by instrument:

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document
No. 93-170476
Assignor : T. G. SUPER EXCHANGE CORP., a Hawaii corporation
Assignee : DIAMOND HEAD SURF CORP., a Hawaii corporation

CONSENT thereto:

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 93-170477
By : BISHOP TRUST COMPANY, LIMITED, a Hawaii corporation, Trustee under Deed of Trust of Albert M. Felix, Clyde K. Yamamoto and Hiroo Nakao, dated September 23, 1958, as amended.

5. SUB-SUBLEASE

Dated : December 3, 1959
Recorded : in the Bureau of Conveyances, State of Hawaii, in Book 3861, Page 217
Lessor : FINANCE INVESTMENT CO., LTD., a Hawaii corporation
Lessee : DIAMOND HEAD SURF CORP., a Hawaii corporation
Term : Fifty-five (55) years commencing on December 3, 1959 to and including December 31, 2014

The Lessor's interest thereunder was assigned through mesne assignments, by instruments:

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 93-170476
Assignor : T. G. SUPER EXCHANGE CORP., a Hawaii corporation
Assignee : DIAMOND HEAD SURF CORP., a Hawaii corporation

CONSENT thereto:

Dated : October 15, 1993
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 93-170477
Assignor : BISHOP TRUST COMPANY, LIMITED, a Hawaii corporation, Trustee under Deed of Trust of Albert M. Felix, Clyde K. Yamamoto and Hiroo Nakao, dated September 23, 1958, as amended.

6. AS TO ITEMS 1, 3, 4 AND 5:

THE MASTER LEASE AND SUBLEASES ARE SUBJECT TO THE FOLLOWING:

1. MORTGAGE to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof:
Amount: : \$1,091,472.00
Mortgagor : DIAMOND HEAD SURF CORP., a Hawaii corporation
Mortgagee : CITY BANK, a Hawaii corporation
Dated : October 12, 1993
Recorded : October 15, 1993, in the Bureau of Conveyances, State of Hawaii, as Document No. 93-170480.

2. ASSIGNMENT OF LESSOR'S INTEREST IN LEASES AS SECURITY
Recorded : in the Bureau of Conveyances, State of Hawaii, as Document No. 93-170481
Assignor : DIAMOND HEAD SURF CORP., a Hawaii corporation
Assignee : CITY BANK, a Hawaii corporation
Assignor assigns all right, title and interest in and to the Proprietary Leases for the repayment of \$1,091,472.00.

7. Terms, provisions, conditions, covenants and reservations as contained in that certain Land Trust Agreement under Land Trust No. 89438, dated June 12, 1998, herein referred to and the effect of any failure to comply with such terms, provisions and conditions.

8. Declaration of Condominium Property Regime of Diamond Head Surf, dated April 11, 2000, recorded aforesaid as Document No. 2000-055821.

9. Bylaws of the Association of Apartment Owners of the Diamond Head Surf, dated April 11, 2000, recorded aforesaid as Document No. 2000-055822.

10. Condominium Map No. 3082, recorded aforesaid.

11. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements, encumbrances and other provisions set forth in said Diamond Head Surf Apartment Lease and Confirmation of Surrender of Proprietary Lease.

Being the premises described in that certain Diamond Head Surf Apartment Lease and Confirmation of Surrender of Proprietary Lease executed by and between Diamond Head Surf Corp., as lessor, and the Mortgagor described herein, as lessee, dated _____, _____, and recorded in the Bureau aforesaid as Document No.

End of Exhibit "A"