

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer HASEKO Homes, Inc.
Address 820 Mililani Street, Suite 820, Honolulu, Hawaii 96813-2938

Project Name(*): MARINERS PLACE TOWNHOMES, INCREMENT 4
Address: 91-1031B and 91-1031D Kaimālie Street
Ewa Beach, Hawaii 96706

Registration No. 4685 Effective date: June 25, 2002
Expiration date: July 25, 2003

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:

- | | | |
|-------------------------------------|--------------------------|---|
| <input type="checkbox"/> | 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. |
| <input checked="" type="checkbox"/> | FINAL:
(white) | The developer has legally created a condominium and has filed complete information with the Commission.
[] No prior reports have been issued.
[X] This report supersedes all prior public reports.
[] This report must be read together with _____ |
| <input type="checkbox"/> | 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

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

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

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report
as Exhibit "K"

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: See attached Page 2a.

SUMMARY OF CHANGES FROM PRELIMINARY PUBLIC REPORT

1. At the time the Preliminary Public Report was filed, the lands for this Project (consisting of approximately 7.4 acres) were in the process of being subdivided. Therefore, the larger unsubdivided parcel was included in the Preliminary Public Report pending subdivision of the land. The land has since been subdivided, and the Project now consists of only those 0.7479 acres of land (32,580 square feet), as initially contemplated.
2. The Preliminary Public Report estimated that construction of Building 4D in the Project would begin on or around June 22, 2001 and be completed in September 2002, and that construction of Building 4B in the Project would begin in December 2002 and be completed in March 2003. The construction of Building 4D has been completed, and the Developer now estimates that construction of Building 4B will begin in August 2002 and end in December 2002.
3. The address for this Project was changed to reflect the addresses designated by the U.S. Postal Service.
4. At the time of the Preliminary Public Report, the Developer had prepared proposed house rules for the Project. Since then, the Developer has finalized and adopted the house rules. Therefore, the Project is subject to the house rules, descriptions of which are contained in Exhibit "A" to this Public Report.
5. Section III.C.6. of this Public Report has been amended to reflect changes in the unit mix within the Project. The primary change relates to the modification of Building 4B from a Type TH12 building to a Type TH13 building. The net effect of the change is the replacement of an Apartment Type M3 unit and an Apartment Type M3(R) unit with an Apartment Type M2 unit and M2(R) unit, respectively.
6. As a result of the change in the unit mix, the common interest allocations for each unit have changed and are shown on Exhibit "I" of this Public Report.
7. Given the subdivision of Area ID into four separate parcels, the encumbrances affecting the land have changed. Such changes are reflected in the current title report and in Exhibit "J" of this Public Report. Additionally, the mortgage lien previously noted in Section III.E. of the Preliminary Public Report has been released and no longer encumbers any of the four parcels of the subdivided lands encompassing Area ID.
8. The estimates of certain expense items contained in the Estimated Annual Budget of the Association of Apartment Owners have been revised to incorporate the recently adopted increase in the Ocean Pointe Community Association monthly dues. The Estimated Annual Budget is as set out in Exhibit "K" to this Public Report.
9. Additional disclosures have been inserted into Sections III.C, III.G and V.C.4 and into Exhibit "L" of this Public Report pertaining to the Developer's use of Apartment Numbers 4D1, 4D2, 4D3 and 4D4 in Building 4D of this Project as its townhome model units for the entire Mariners Place development.

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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: HASEKO Homes, Inc. Phone: (808) 536-3771
Name (Business)
820 Mililani Street, Suite 820
Business address
Honolulu, HI 96813-2938

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

Toru Nagayama - President / Director
Tsutomu Sagawa - Executive Vice President / Secretary / Treasurer / Director
Nelson W.G. Lee - Executive Vice President
Vicki Gaynor - Assistant Vice President

Real Estate Broker*: HASEKO Realty, Inc. Phone: (808) 536-8406
Name (Business)
820 Mililani Street, Suite 820
Business Address
Honolulu, HI 96813-2938

Escrow: Title Guaranty Escrow Services, Inc. Phone: (808) 521-0212
Name (Business)
235 Queen Street, First Floor
Business Address
Honolulu, HI 96813

General Contractor*†: HASEKO Construction, Inc. Phone: (808) 536-3771
(Construction Manager) (Business)
Name
820 Mililani Street, Suite 820
Business Address
Honolulu, HI 96813-2938

Condominium Managing Agent*: Hawaiiana Management Company, Ltd. Phone: (808) 593-6896
Name (Business)
Pacific Park Plaza, Suite 700
Business Address
711 Kapiolani Blvd.
Honolulu, HI 96813

Attorney for Developer: Oshima Chun Fong & Chung, LLP Phone: (808) 528-4200
Name (Business)
841 Bishop Street, Suite 400
Business Address
Honolulu, HI 96813

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

† There is no General Contractor for the Project. Instead, the construction of the Project will be completed by the Developer through the use of various licensed subcontractors. HASEKO Construction, Inc., a licensed contractor in the State of Hawaii, will serve as the Construction Manager, and will furnish supervision, management and the coordination of subcontractor trades. The Developer and HASEKO Construction, Inc. are both subsidiaries of HASEKO Hawaii, Inc.

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

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. 2813604

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. _____
 Filed - Land Court Condo Map No. 1482

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

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document No. 2813605

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%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>Majority of Board of Directors</u>

*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:

See Exhibit "B"

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

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

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

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

For Sub-leaseholds:

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

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

- 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: 91-1031B and 91-1031D Kaimālie Street Tax Map Key (TMK): (1) 9-1-115-007 (por)
Ewa Beach, Hawaii 96706

Address TMK is expected to change because the land underlying the Project has been recently subdivided and new TMK numbers have not yet been issued.

Land Area: approximately 32,580 square feet acre(s)

Zoning: R-5

Fee Owner: HASEKO Homes, Inc.
 Name
820 Mililani Street, Suite 820
 Address
Honolulu, HI 96813-2938

Lessor: N/A
 Name

 Address

C. **Buildings and Other Improvements:**

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

*** Although Building 4D of this condominium project is, for purposes of this Public Report, a new Building, construction was completed in 2001. Apartment Numbers 4D1, 4D2, 4D3 and 4D4 in Building 4D have been or are currently being utilized as the townhome model units for Area ID. See Section V.C.4 of this Public Report for additional information.**

2. Number of Buildings: 2 Floors Per Building 2

Exhibit "C" contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Glass, Steel, Allied Construction Materials.

4. Uses Permitted by Zoning:

		No. of <u>Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/>	Residential	<u>12</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Commercial	<u>N/A</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Mix Res/Comm	<u>N/A</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Hotel	<u>N/A</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Timeshare	<u>N/A</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Ohana	<u>N/A</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Industrial	<u>N/A</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Agricultural	<u>N/A</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Recreational	<u>N/A</u>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/>	Other: _____	<u>N/A</u>	<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: An owner may raise, keep and maintain up to two (2) generally recognized domestic house pets, such as dogs and cats.
- Number of Occupants: _____
- Other: The apartments may not be rented for transient or hotel purposes nor used for time sharing. Additional restrictions on use and occupancy are contained in the house rules which are described in Exhibit "A".
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 12 Trash Chutes: 0

Apt. Type	Quantity	BR/BATH	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
<u>M1</u>	<u>1</u>	<u>2 / 2.5</u>	<u>823</u>	<u>264**</u>	<u>Garage</u>
<u>M1(R)</u>	<u>1</u>	<u>2 / 2.5</u>	<u>823</u>	<u>264**</u>	<u>Garage</u>
<u>M2</u>	<u>4</u>	<u>3 / 2.5</u>	<u>1,043</u>	<u>393**</u>	<u>Garage</u>
<u>M2(R)</u>	<u>4</u>	<u>3 / 2.5</u>	<u>1,043</u>	<u>393**</u>	<u>Garage</u>
<u>M3</u>	<u>1</u>	<u>3 / 2.5</u>	<u>1,050</u>	<u>393**</u>	<u>Garage</u>
<u>M3(R)</u>	<u>1</u>	<u>3 / 2.5</u>	<u>1,050</u>	<u>393**</u>	<u>Garage</u>

Total Number of Apartments: 12

* **Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter and party walls. The Net Living Area does not include the floor area of the garage.**

** **If calculated in the same manner as the apartments, the area for Apartment Types M1, M2 and M3 would be 249, 371 and 372 square feet, respectively.**

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 "D"

Permitted Alterations to Apartments:

See Exhibits "E" and "N"

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement(see attachment 11a). Developer has elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 24

	<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)	<u>22</u>	<u>2</u>	_____	_____	_____	_____	<u>24</u>
Guest	_____	<u>0</u> *	_____	_____	_____	_____	<u>0</u>
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>24</u>	_____	<u>0</u>	_____	<u>0</u>	_____	<u>24</u>

Each apartment will have the exclusive use of at least 2 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

*** There will be no guest parking stalls available within this condominium project. However, the guests of this condominium project will have the right to use the guest parking stalls developed or to be developed in Increments 1, 2 and 3 of the Mariners Place Townhomes. In addition, the Developer intends to provide additional guest parking stalls as required by law as future nearby condominium projects are developed.**

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute/Enclosure(s)

Other: Access to the Project and the garages for each of the Apartments is provided through driveways connected to private roadways which intersect with the Kaimālie Service Lane located in an area known as Area IB of the Ke 'Āina Kai subdivision (see Section V.C.1. of this Public Report for a brief description of Ke 'Āina Kai). The common facilities within Area ID include or will include pedestrian pathways which provide access to certain perimeter miniparks within the Ke 'Āina Kai subdivision. Enclosed trash areas will be provided within the Project.

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)

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

N/A

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:

Other: Optional Development Permit(s) granted under the Zoning Code as follows: City and County Department of Planning and Permitting (formerly the Department of Land Utilization) Cluster Housing Permit No. 96/CL-1. Certain restrictions imposed under said permit are set forth in a Declaration of Restrictive Covenants (DPP Permit No. 96/CL-1) (see Exhibit "O" for a description of the above document).

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>Yes</u>	_____	_____
Structures	<u>Yes</u>	_____	_____
Lot	<u>Yes</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 "G".

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit "H".

as follows:

*NOTE: The metes and bounds shown on the Condominium Map identify the proposed property boundaries. The Condominium Map shows the location and dimensions of all buildings of the Project, the layout of the apartments in the buildings and also details the limited common elements allocated for the exclusive use of the owners of certain apartments. The Declaration also contains a narrative description of the general layout of the apartment units and the limited common elements allocated to those units. For example, the yard located in the front of each apartment is enclosed by an entry gate and fence (as described in the Declaration) and the layout and the dimension are as shown on the Condominium Map.

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 "I".

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 "J" describes the encumbrances against the title contained in the title report dated May 30, 2002 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:**

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

1. Building and Other Improvements:

See Exhibit "K"

2. Appliances:

See Exhibit "K"

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

The construction of Building 4D is completed. Apartment Numbers 4D1, 4D2, 4D3 and 4D4 of Building 4D have served or are currently serving as the townhome model units for the Mariners Place Townhomes development. See Section V.C.4 of this Public Report for additional information. Construction of Building 4B, which will be the other residential building included within this Condominium Property Regime, is not slated to begin construction until August 2002 and be completed until December 2002.

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):

As stated in Section V.C.1 of this Public Report, this condominium project is located within the planned townhome project known as Mariners Place Townhomes in Area ID, which is located adjacent to Area IB of the Ke 'Āina Kai subdivision at the master-planned Ocean Pointe community. Area ID is being constructed in four increments and is designed to include approximately 126 townhome units.

This condominium project is the last of the four increments of townhomes to be developed in the Mariners Place Townhomes project. The Developer intends to develop the Project on approximately 32,580 square feet (.7479 acres), located on the land described in Section III.B of this Public Report and Exhibit A of the Declaration.

As part of the development process, the Developer reserves the right to enter into any joint development agreement or agreements as may be required or necessary by the City and County of Honolulu for the development of the Project and/or any condominium project or projects adjacent to the Project including, without limitation, joint development agreements to develop all four increments of Area ID, without notice to, or the approval, consent, or joinder of, any purchaser, prospective purchaser, owner or lienholder.

The Developer may, but is not required to, merge this increment with other increments of townhomes which have or may in the future be developed in Area ID. Buyer should carefully read Section S of the Declaration regarding the Developer's rights to merge this project with other condominium projects within Area ID.

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract
Exhibit "L" contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated July 12, 2001.
Exhibit "M" contains a summary of the pertinent provisions of the escrow agreement.

Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime, as amended.
 - C) Bylaws of the Association of Apartment Owners, as amended.
 - D) House Rules, 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 Covenants, Conditions, and Restrictions for Ocean Pointe (Residential), and any amendments and supplements thereto, and the Mariners Place Townhomes Design Guidelines.

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

This Public Report is a part of Registration No. 4685 filed with the Real Estate Commission on June 14, 2002.

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C. **Additional Information Not Covered Above**

1. **Mariners Place Townhomes and Ocean Pointe.**¹

Area I. The Project is located within the first residential phase of Ocean Pointe, which is sometimes referred to as Area I. Area I is being developed pursuant to the Cluster Housing Permit No. 96/CL-1, dated March 17, 1997 (the "Cluster Permit") issued by the City and County of Honolulu Department of Planning and Permitting (formerly known as the Department of Land Utilization) and consists of four phases known as Areas IA, IB, IC, and ID. Areas IA through IC, which are known as the Ke 'Āina Kai subdivision, consist of a mix of single family and townhome units. Area ID, which is the area where the Project is being developed, will consist entirely of townhome units. The Area ID townhome units will be a different housing type from the homes in the Ke 'Āina Kai subdivision (i.e., Areas IA – IC). Therefore, although the Project and the other condominium project increments in Area ID are a part of Area I, Area ID will be a distinct neighborhood that is separate from the Ke 'Āina Kai subdivision.

Ocean Pointe. The Project is also a part of the approximately 1,100-acre master-planned mixed-use community of Ocean Pointe. Ocean Pointe is a long-range project with development expected to take place over the next 10 to 20 years. Approximately 4,850 residential units (some of which will be considered "affordable" under county standards) are envisioned at Ocean Pointe. These residences will be separated into various distinct, yet integrated neighborhood communities, with tree-lined streets, landscaping, and parks for use by the residents of Ocean Pointe. The second residential phase at Ocean Pointe, Ke Noho Kai, will be located immediately to the west of Ke 'Āina Kai, and is sometimes referred to as Area II. Development of Area II is expected to commence sometime in 2002. The developer of Area II is Ke Noho Kai Development, LLC and the developer of the remaining area of Ocean Pointe is HASEKO (Ewa), Inc., which are affiliated companies of Developer.

In addition to the residential component, the long-range master plan for Ocean Pointe also calls for recreational and commercial components, including a golf course, full-service man-made marina, and retail/commercial center. The currently approved master plan is depicted in various advertising materials and displays but is still conceptual in nature and subject to change and reconfiguration as Ocean Pointe is developed. There are no guarantees that all or any of the components will be developed or that the components will be developed as depicted or described in these various advertising materials and displays. The golf course and marina, if constructed, will serve as a basin in a private storm water drainage system, servicing all of the residences in Ocean Pointe. Ownership of an apartment in this condominium project will not constitute an ownership in, or grant the right to use, any privately owned recreational facility within Ocean Pointe, including but not limited to the marina and golf course, if constructed.

The master plan, however, is still conceptual in nature and is subject to change depending on a variety of factors, including market forces, the economy, land use permitting requirements, and changes in governmental regulations. Although the components of the master plan (i.e., the marina, golf course, retail/commercial center, parks, and residential component) will not likely change, there will likely be changes to the size, configuration or relative location of these components as Ocean Pointe is developed.

In addition, there are also some areas within Ocean Pointe where the developer has not yet determined what will be built. For example, there is a vacant "B-2" zoned lot on the makai side of the intersection of Fort Weaver Road and Kaimālie Street, which may or may not ultimately be a part of Ocean Pointe. At this point in time, there are currently no specific plans as to what will be built on that lot except that the developer plans to install landscaping that will serve as a buffer between whatever is eventually built and the Area ID project.

All owners of an apartment in this condominium project will be subject to the provisions of the Declaration of Covenants, Conditions, and Restrictions for Ocean Pointe (Residential) (the "Master Declaration") and the Mariners Place Townhomes Design Guidelines (see Exhibits "P" and "N" for a description of each document, respectively).² All owners will also automatically become members of the Association of Apartment Owners of

¹ Nothing stated in this public report shall be construed as a representation or warranty by Developer or its affiliates that any of the above, with the exception of the condominium apartments that are part of this public report, will be developed, nor shall anything stated in the public report be construed to require the Developer or its affiliates to develop the remainder of Area ID or Ocean Pointe, or to prohibit Developer or its affiliates from dealing freely with the remaining land, including, without limitation, developing the whole or any part of Area ID and Ocean Pointe for a purpose inconsistent with the above.

Mariners Place Townhomes, Increment 4 and the Ocean Pointe Residential Community Association, Inc., which is the community association for Ocean Pointe. Apartment owners will be responsible for the payment of their respective shares of the expenses incurred by these associations in their maintenance of the Project and Ocean Pointe. The monthly fees for the various associations are estimated in the Disclosure Abstract attached as Exhibit "K".

2. Interstate Land Sales Full Disclosure Act. The Developer has advised the Commission that this public report has not been accepted by the Department of Housing and Urban Development under the Interstate Land Sales Full Disclosure Act. As set forth in the specimen sales contract submitted with this public report, the Developer will complete construction of each apartment and have the apartment ready for normal occupancy within a period of two (2) years from the date that the sales contract for that particular apartment is signed; provided, however, that said two (2) year period shall be extended in the event completion is delayed by matters and/or conditions beyond the control of the Developer.
3. Possible Effects from Airport Operations. The use and enjoyment of a condominium apartment may be subject to various effects which may result from the use and operation of government airports in the vicinity of the Project such as Honolulu International Airport, Kalaeloa (the former Barbers Point Naval Air Station), and all other such government airports whether existing or to be built, all as more particularly set forth in the Master Declaration, the Articles and Bylaws of the Ocean Pointe Residential Community Association, Inc., and the Declaration of Restrictive Covenants (DPP Permit No. 96/CL-1), as the same may be amended or modified from time to time (collectively referred to as the "Community Restrictions"). A buyer of an apartment shall agree to be bound by and to observe and comply with all other covenants and agreements pertaining to aircraft noise and other disturbances that are applicable to a buyer and that are more particularly set forth in the Community Restrictions, and to release and indemnify the Developer and all other parties referenced in the Community Restrictions from and against all liability in connection therewith.
4. Model Homes Disclosure. As shown on the Condominium Map, this Project consists of two (2) residential buildings, Buildings 4B and 4D. Building 4D was constructed in 2001 and Apartment Numbers 4D1, 4D2, 4D3 and 4D4 in Building 4D have been or are currently being utilized as the townhome model units for the entire Mariners Place development. In connection with this, extensive construction and/or sales activities for this Project and for properties near or adjacent to the Project (including but not limited to Increments 1, 2 and 3 of the Mariners Place Townhomes), including the use of the townhome model units, parking, signs and extensive displays and activities located on or near the Project, may continue until such time as the sales for all such properties have closed. As a result, such construction and continued sales activities within or near the Project may result in noise, dust, traffic and other nuisance or annoyances as further discussed in Section 10.2 of the Reservation Agreement and Sales Contract.

In addition to executing a Reservation Agreement and Sales Contract, a purchaser of an apartment unit in the Project will also be required to execute an Addendum to the Reservation Agreement and Sales Contract (a copy of which has been submitted to the Real Estate Commission as part of this registration). The purpose of this Addendum is to reflect the purchaser's acknowledgement and agreement pertaining to the prior construction of Building 4D and, for those purchasers purchasing Apartment Numbers 4D1, 4D2, 4D3 or 4D4, the prior use and condition of the apartment unit as a townhome model unit. See Exhibit L of this Public Report for a summary of the provisions in the referenced Addendum.

² The Developer has reserved rights to annex to, or withdraw lands from Area ID and Ocean Pointe, and also to develop additional phases within Area ID as separate projects and merge the separate projects with each other or with Area ID. For a brief description of the Developer's reserved rights to annex, withdraw and merge lands, see Exhibit "P" to this public report.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

HASEKO HOMES, INC.

Printed Name of Developer

By:  June 13, 2002
 Duly Authorized Signatory* Date

Tsutomu Sagawa, Executive Vice President

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, N/A

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

EXHIBIT "A"

Mariners Place Townhomes, Increment 4

Description of House Rules

The Project will be subject to the Mariners Place Townhomes, Increment 4 House Rules, a copy of which has been submitted to the Real Estate Commission as part of this registration. These house rules govern the use and occupancy of the apartments, common elements and limited common elements of the Project. For example, these house rules contain restrictions regarding the use of the enclosed yards and entry areas, as well as restrictions regarding pets, parking, trash disposal and landscaping.

The purpose of these house rules is to protect all owners and occupants from annoyance and nuisance created by the improper use of the Project and to protect the reputation and desirability of the Project.

All owners, tenants, guests, invitees, licensees and other persons using the Project and their family members must abide by these house rules, and the owners are responsible for the conduct of their tenants, guests, invitees, and licensees. Violations of these house rules are subject to fines, penalties and other enforcement actions by the board of directors or the managing agent.

THE FOREGOING IS A DESCRIPTION OF THE ABOVE HOUSE RULES FOR THE CONVENIENCE OF THE BUYER AND IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF ALL OF THE TERMS OF THESE HOUSE RULES. THE FULL TEXT OF THE HOUSE RULES SHOULD BE EXAMINED AND CONTROLS OVER THIS SUMMARY.

7. Disclosures Regarding Model Homes; Advertising Materials. The homes in the Project will be mass constructed based on limited styles and floor plans being offered by the Developer, but with minor variations to the colors, door styles, elevations, yards, landscaping, walkways, entryways and other features to provide each home with a certain degree of uniqueness. The model homes and various advertising materials, brochures and displays are intended to assist the buyer in visualizing the floor plan of the apartment that the buyer is purchasing, but are not intended to be exact replicas or depictions of all the apartments or buildings in the Project. The model homes and yard areas of the model homes also contain numerous upgrades, options and decorator items (including but not limited to optional floor plans, appliances, furnishings, fixtures, landscaping, walkways, gutters, and drainage facilities) which, subject to the Addendum, are not included with the property being purchased by the buyer or the building in which the apartment is located, or which if included with the property being purchased, may differ from that shown with the model homes or in the advertising materials, brochures or displays due to differences in site conditions (such as the slope or grade of the site) or various other factors or constraints.

8. Landscaping; Fences. The buyer acknowledges that the buyer is responsible for the maintenance of the irrigation system and initial landscaping installed by the Developer in the buyer's enclosed yard area. The buyer also acknowledges that the Developer will install the initial fences enclosing the enclosed yard of the apartment the buyer is purchasing, but that the buyer is responsible for maintaining, repairing and replacing such fences. If any such rear yard fence is shared by more than one apartment, the obligation to maintain, repair and replace such fence shall be shared jointly by both apartment owners.

9. Utility Infrastructure. The buyer acknowledges that additional utility infrastructure may be constructed in the future which provides utility services for the Project, the cost of which is not included in the purchase price of any apartment in the Project.

10. Private Refuse Collection: Refuse collection for the Project will be provided through a private refuse collection firm. All collection fees charged by such refuse collection firm shall be part of the monthly maintenance expenses as described in Section 3.5(b) of the Agreement.

11. Developer's Limited Warranty for the Apartment. The buyer acknowledges the Developer's limited warranty regarding the apartment, the common elements and the appliances, which is described in the Disclosure Abstract attached to this public report as Exhibit "K".

12. Interest on the Buyer's Deposits. The buyer understands and agrees that notwithstanding any other contrary provisions in the escrow agreement, all interest earned on the buyer's deposits shall accrue to the credit of and shall be paid to the Developer unless (a) the buyer instructs escrow to establish a separate interest-bearing account on the buyer's behalf ("Buyer's Account") and pays escrow a processing fee of \$25.00 (or such other amount as escrow may establish from time to time) and complies with all other requirements of escrow, or (b) a Buyer's Account is established pursuant to the escrow agreement (in which case the buyer agrees to pay the processing fee provided thereunder).

13. No Rental Service/Investment Representations. The buyer agrees that the buyer has entered into the Agreement without any reference or representation by the Developer or any sales person: (a) that the Developer or anyone affiliated with the Developer or any unaffiliated third party will provide, directly or indirectly, any services relating to the rental or sale or management on behalf of the buyer; (b) as to projected rental income, occupancy rates or other matters related to the rental of the apartment; (c) as to possible tax advantages or other economic benefits accruing to an owner who chooses to rent an apartment; or (d) as to projected appreciation in the value of the apartment. The buyer agrees to be solely responsible for any rental or other disposition of the apartment.

14. Default by Buyer. If the buyer fails to make any payment when it is due or fails to keep any of the other promises or agreements of the buyer set forth in the Agreement, the Developer will give the buyer written notice of such failure. If the buyer does not cure such default or failure within ten (10) days after the Developer sends such notice, the Developer shall have the right to do any one or more of the following:

(a) Cancel the Agreement by giving the buyer written notice of cancellation. The Developer may then keep all sums deposited by the buyer, including any and all interest accrued thereon (notwithstanding the establishment of a Buyer's Account), as "liquidated damages" (i.e., the amount agreed to by the buyer and the Developer as properly payable in settlement for breach of contract), in lieu of actual damages and not as a penalty;

(b) Take advantage of any other rights which the law allows, including, for example, a lawsuit for actual damages suffered, or a lawsuit for "specific performance," which means a lawsuit to require the buyer to pay the total purchase price and keep all of the buyer's promises under the Agreement; and

(c) Collect from the buyer all costs, including reasonable attorneys' fees, court costs, escrow cancellation fees, and any document preparation fees if the deed conveying the property to the buyer has been prepared and delivered to escrow, which may be incurred by the Developer because of the buyer's default.

B. ADDENDUM. The Addendum provides in part:

1. Existing Building. The buyer understands and acknowledges that the Project is the final increment of the Mariners Place Townhomes development in Area ID of the Ocean Pointe master planned community. The Project is comprised of two building complexes (Buildings 4B and 4D) that will be built or have already been built within the Project. Building 4D was constructed in 2001 and is comprised of six (6) residential units, of which Apartment numbers 4D1, 4D2, 4D3 and 4D4 have been utilized as the townhome model units for the entire Mariners Place Townhomes development. As further described in Paragraph 5 below, the exterior of Building 4D, and any walkways, fences, and other Common Elements constructed or installed as part of Building 4D, will not be "touched-up," repainted or resurfaced and may exhibit weathering, fading, discoloration and minor cracking.

2. Model Home Disclosure (for Buyers of Apartment numbers 4D1, 4D2, 4D3, or 4D4). The buyer of Apartment number 4D1, 4D2, 4D3, or 4D4 acknowledges and agrees that (i) the apartment is not a new production townhome; (ii) the Developer has actively utilized the apartment as a townhome model unit since sales and marketing for the overall Mariners Place Townhomes development began; (iii) during the period the apartment has been utilized as a townhome model unit, prospective customers have viewed and traversed through the interior and exterior of the apartment; (iv) until the sale of the apartment is closed, the Developer shall have the right to continue to use the apartment as a townhome model unit and allow prospective customers to view and traverse through the interior and exterior of the apartment; and (v) certain furniture, furnishings, appliances, fixtures, built-in improvements and other items in the apartment (e.g., air conditioning system) have been used and exposed to and have suffered wear and tear in excess of the use, exposure, and wear and tear typically associated with the initial delivery of a new production townhome unit. Such wear and tear may include, without limitation, stains, cracks, scratches, fading, discoloration, and a shorter useful life.

3. Furniture and Furnishings (for Buyers of Apartment numbers 4D1, 4D2, 4D3, or 4D4).

(a) Furniture and furnishings located in or around the townhome model unit (Apartment numbers 4D1, 4D2, 4D3, or 4D4) including, but not limited to, items such as lamps, dishes, kitchen and bathroom items, interior plants, artwork, wall hangings, decorations, decorator accessories, landscaping decorative fountain, and other furnishings not normally included in the delivery of a new production townhome are included as part of the purchase of the apartment (collectively, the "Furniture"). The warranties as set forth in Section 13.1 of the Agreement shall not extend to the Furniture. Instead, the Developer makes no representation or warranty of any kind, express or implied (either in fact or by operation of law), regarding the Furniture and expressly disclaims all warranties, including without limitation, all warranties of merchantability or fitness for a particular purpose. Further, because the Developer retains the right to continue to use the apartment as a townhome model unit until the date of closing, even though the Developer will exercise reasonable care, the Developer cannot guarantee that the Furniture will not be broken, damaged, or missing at the time of the closing of the purchase of the apartment.

(b) The buyer of Apartment number 4D1, 4D2, 4D3, or 4D4 acknowledges and agrees that (i) the buyer is acquiring the Furniture as currently installed or located within the apartment "AS IS," "WHERE IS" and "WITH ALL FAULTS" subject to any latent or patent defect which may exist; (ii) some of the Furniture were manufactured for model display purposes and may not be suitable or fit for consumer use purposes; (iii) certain Furniture may not be functional (e.g., beds have no frame or boxspring, cabinet may be too shallow to fit a standard television), may need repairs and may not have all accessories or parts installed which are required for normal use; (iv) some of the Furniture have been glued or otherwise affixed within the apartment during its use as a townhome model unit in the interest of safety or security and that the removal of such Furniture may result in damage to or destruction of the Furniture or to the item to which it was attached; and (v) no patent or latent condition affecting the Furniture in any way, whether or not discoverable or hereafter discovered, shall affect the buyer's obligations contained in the Agreement and this Addendum, nor shall any such condition give rise to any right of damages, rescission, adjustment in the purchase price, or otherwise against the Developer.

4. Fixtures and Built-In Improvements (for Buyers of Apartment numbers 4D1, 4D2, 4D3, or 4D4).

(a) Notwithstanding the provisions as set forth in Section 13.4 of the Agreement to the contrary, all fixtures, personal property affixed to the realty (including, but not limited to, the appliances set forth in Section 2.5 of the Agreement) and upgrades located or installed in the townhome model unit (Apartment numbers 4D1, 4D2, 4D3, or 4D4) such as window treatments (if any), wall coverings, flooring, lighting, built-in improvements, and other fixtures not normally included in the delivery of a new production home are included as part of the purchase (collectively, the "Fixtures"). The warranties as set forth in Sections 13.1 of the Agreement shall not extend to the Fixtures. Instead, the Developer makes no representation or warranty of any kind, express or implied (either in fact or by operation of law), regarding the Fixtures and expressly disclaims all warranties, including without limitation, all warranties of merchantability or fitness for a particular purpose.

(b) The buyer of Apartment number 4D1, 4D2, 4D3, or 4D4 acknowledges and agrees that (i) the buyer is acquiring the Fixtures as currently installed or located within the apartment "AS IS," "WHERE IS" and "WITH ALL FAULTS" subject to any latent or patent defect which may exist; (ii) certain Fixtures may not be functional (e.g., cabinet doors may not fully open) or serve the purpose that may have been depicted in the apartment during its use as a model home display, may need repairs and may not have all accessories or equipment installed which is required for normal operation or use; and (iii) no patent or latent condition affecting the Fixtures in any way, whether or not discoverable or hereafter discovered, shall affect the buyer's obligations contained in the Agreement and this Addendum, nor shall any such condition give rise to any right of damages, rescission, adjustment in the purchase price, or otherwise against the Developer.

5. Condition at Closing (for Buyers of Apartment numbers 4D1, 4D2, 4D3, or 4D4). The buyer of Apartment number 4D1, 4D2, 4D3, or 4D4 acknowledges

that, at closing, the Developer shall deliver the apartment in a condition consistent with the wear and tear associated with a townhome model unit that may have been utilized by the Developer up through the closing of that sale. The Developer shall clean the apartment prior to closing in a reasonable manner consistent with the wear and tear described above. Although the interior of the apartment will not be repainted and all wall coverings will not be replaced or repaired, scratches and nicks on the painted interior surfaces of the apartment will be "touched up" to match as close as reasonably possible to the original paint colors. Limited Common Elements appurtenant to the apartment including, but not limited to, Enclosed Yard areas and fences, will not be "touched-up," repainted or resurfaced and may exhibit weathering, fading, discoloration and minor cracking. Doors and screens will be installed in accordance with the plans and specifications. The Developer shall remove from the apartment all signs, flags, model complex enclosure fences, boxed plantings, and other items identifying the townhome model unit. The buyer further acknowledges that the apartment includes certain audio components that are part of a master sound system installed within each of the townhome model units. Prior to closing, the Developer shall disconnect such audio components from the master sound system, but will not remove any of the audio components from the currently installed locations within the apartment.

6. Other Disclosures. The buyer of an apartment in the Project acknowledges that certain landscaping and walkways located adjacent to Building 4D were installed to facilitate the flow of pedestrian traffic to the townhome model units. Prior to closing, the Developer will be modifying and/or reconstructing certain walkways and the associated landscaping to comply with the plans previously approved by the Department of Planning and Permitting. Except as stated herein, the buyer also acknowledges that certain Common Elements of the Project including, but not limited to, the exterior of Building 4D and fences, will not be "touched-up," repainted or resurfaced and may exhibit weathering, fading, discoloration and minor cracking.

7. Common Elements Warranty. The Developer will provide the buyer of an apartment in the Project with the warranties set forth in Section 13.1(a) of the Agreement; provided, however, that with respect to the Developer's one (1) year warranty on the Common Elements in the Project (including the Common Elements associated with the existing structures for Building 4D), such warranty period will run from the date of substantial completion of the entire Increment 4 Project (see Exhibit "K" to this public report).

8. Ongoing Activities. Without limiting the effect of Section 10.2 of the Agreement, the buyer of an apartment in the Project understands and acknowledges that construction and/or sales activities for the Project and for properties near or adjacent to the Project, including the continued use of some or all of the townhome model units, parking for the townhome model units, signs and extensive displays and activities located on the Project, may continue until such time as the sales for such properties have been closed. As a result, such construction and continued sales activities within the Project may result in noise, dust, traffic and other nuisances or annoyances as further described in Section 10.2 of the Agreement, and the buyer is purchasing the apartment with full knowledge of these conditions.

THE FOREGOING IS A SUMMARY OF SOME OF THE PERTINENT PROVISIONS OF THE AGREEMENT AND THE ADDENDUM FOR THE CONVENIENCE OF THE BUYER AND IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF ALL OF THEIR RESPECTIVE TERMS. THE FULL TEXT OF THE ORIGINAL DOCUMENTS SHOULD BE EXAMINED AND CONTROLS OVER THIS SUMMARY.

NOTE: The Developer is offering the buyers a selection of various floor coverings for the apartment (i.e., tiling and carpeting), which each buyer will select in an addendum to the Agreement. In addition, the Developer is also offering various appliances and upgrades for the apartment, each at various prices, and which if selected, will also be included in an addendum or addenda to the Agreement. The purchase price for such options, appliances and upgrades are non-refundable once the Agreement is deemed binding under the Condominium Property Act.

EXHIBIT "M"

Mariners Place Townhomes, Increment 4

Summary of Escrow Agreement

An executed Escrow Agreement has been submitted to the Real Estate Commission as part of this registration. The Escrow Agreement, dated July 12, 2001, identifies Title Guaranty Escrow Services, Inc. as the escrow agent ("Escrow"). The Escrow Agreement sets up an arrangement under which Escrow will hold deposits that a buyer makes to the Developer under a Reservation Agreement and Sales Contract (the "Sales Contract") for the purchase of an apartment in the Project. The Escrow Agreement provides in part:

1. Payment of Funds to Escrow. The Developer shall pay over to Escrow any monies received by the Developer from a buyer under a Sales Contract, including all disbursements made on loan commitments, if any, from lending institutions to the buyer. Escrow shall deposit all funds so received in accordance with written instructions from the Developer in a federally-insured, interest-bearing account at a bank, savings and loan association, or trust company authorized to do business in the State.

2. Return of Funds to a Buyer. A buyer shall be entitled to a refund of the buyer's funds held in Escrow as follows:

(a) Escrow shall refund to the buyer all of the buyer's entire deposit together with all interest earned thereon, if: (i) the buyer entered into the Sales Contract pursuant to a Contingent Final Public Report; (ii) the Real Estate Commission does not issue an effective date for a Final Public Report by the date on which the Contingent Final Public Report expires; and (iii) the Developer or the buyer elects to rescind the buyer's Sales Contract.

(b) Escrow shall refund to the buyer all of the buyer's entire deposit, without interest and less any Escrow cancellation fees, if any one of the following has occurred: (i) the Developer and the buyer request in writing that Escrow return the buyer's funds to the buyer; (ii) the Developer notifies Escrow of the Developer's exercise of the option to cancel or rescind the Sales Contract pursuant to any right of cancellation or rescission provided therein or otherwise available to the Developer; (iii) the buyer notifies Escrow of buyer's exercise of buyer's right to cancel the Sales Contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or (iv) the buyer notifies Escrow of buyer's exercise of buyer's right to rescind the Sales Contract pursuant to Section 514A 63, Hawaii Revised Statutes, as amended.

(c) Escrow shall refund to the buyer all of the buyer's entire deposit if the Sales Contract is rescinded pursuant to Section 514A-105(c), Hawaii Revised Statutes, as amended, for the buyer's failure to reaffirm the buyer's Owner-Occupant Affidavit of Intent, subject to the requirements of Section 5(d) of the Escrow Agreement.

3. Buyer's Default under Sales Contract. If the Developer terminates a Sales Contract due to a default thereunder by the buyer, Escrow shall thereafter treat all funds of the buyer paid on account of such buyer's Sales Contract as funds of the Developer and not as funds of the buyer. Thereafter, such funds shall be free of the escrow established by this Agreement and shall be held by Escrow for the account of the Developer.

THE FOREGOING IS A SUMMARY OF SOME OF THE PERTINENT PROVISIONS OF THE ESCROW AGREEMENT FOR THE CONVENIENCE OF THE BUYER AND IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF ALL OF THE TERMS OF THE ESCROW AGREEMENT. THE FULL TEXT OF THE ORIGINAL DOCUMENT SHOULD BE EXAMINED AND CONTROLS OVER THIS SUMMARY.

EXHIBIT "N"

Mariners Place Townhomes, Increment 4

Description of the Mariners Place Design Guidelines

Mariners Place Townhomes is part of Ocean Pointe, a master-planned community encompassing approximately 1,100 acres (see Section V.C.1 of the public report for a description of Mariners Place Townhomes and Ocean Pointe). Being part of a master-planned community, developmental guidelines are necessary to promote the community's evolution in a manner consistent with the original design principles, as approved by the City and other governmental agencies.

To accomplish this purpose and to maintain Mariners Place Townhomes' special character, the Mariners Place Townhomes Design Guidelines (the "Design Guidelines") will be prepared to regulate construction, additions, modifications, and site improvements visible from the street or neighboring properties. A copy of the Design Guidelines has been submitted to the Real Estate Commission as part of this registration.

The Design Guidelines, which are both prescriptive and restrictive, are intended to be illustrative of acceptable improvements and seek to provide an overall framework for future modifications within this Project and Mariners Place Townhomes. The Design Guidelines contain various rules and guidelines, including but not limited to, architectural guidelines, examples of acceptable improvements, materials and color schemes, and Design Review Committee application procedures.

The Design Review Committee, which has or will be established pursuant to the Declaration of Covenants, Conditions, and Restrictions for Ocean Pointe (Residential) (see Exhibit "P" for a description of this document), is or will be responsible for reviewing applications for compliance with the Design Guidelines.

THE FOREGOING IS A DESCRIPTION OF THE DESIGN GUIDELINES FOR THE CONVENIENCE OF THE BUYER AND IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF ALL OF THE TERMS OF THESE DESIGN GUIDELINES. THE FULL TEXT OF THE DESIGN GUIDELINES SHOULD BE EXAMINED AND CONTROLS OVER THIS SUMMARY.

EXHIBIT "O"

Mariners Place Townhomes, Increment 4

Description of the
Declaration of Restrictive Covenants (DPP Permit No. 96/CL-1)

The Declaration of Restrictive Covenants (DPP Permit No. 96/CL-1) (the "DPP Declaration") is required under Condition 10 of Cluster Housing Permit No. 96/CL-1, issued by the City and County of Honolulu Department of Planning and Permitting (formerly known as the Department of Land Utilization) (the "DPP Permit"), which is referenced in Section III.C.11 of the public report. The DPP Permit authorizes the development of an overall residential project (also referred to as Area I) with approximately 820 units. Area I consists of four (4) phases, sometimes referred to as Area IA through ID. Area ID, to which the Project is a part, is subject to certain conditions pursuant to the DPP Permit. The DPP Declaration will be recorded in the Land Court of the State of Hawaii prior to the conveyance of the first apartment in the Project to a homebuyer and will be binding on all owners of apartments in the Project. A specimen of the DPP Declaration has been submitted to the Real Estate Commission as part of the registration.

The purpose of the DPP Declaration is to provide notice of the restrictive covenants in the DPP Permit that are applicable to the Project. The following is a brief description of some of the significant provisions of the DPP Declaration.

1. Alterations or Modifications to the Project. The DPP Declaration sets forth certain restrictions and limitations regarding the modifications and alterations that may be made to the Project, including modifications and alterations to the apartments, and other limited common elements that may be made by the owner of an apartment. The DPP Declaration includes restrictions which do not permit any structural alterations or exterior modifications to any apartment within the Project.

2. Garages. The garages in the Project shall only be used for parking and shall not be eliminated or converted to other uses, including use as a dwelling unit.

3. Other Restrictions. The DPP Declaration also contains other covenants regarding the use and maintenance of the fences, landscaping, lighting, and private common elements within the Project.

THE FOREGOING IS A GENERAL DESCRIPTION OF THE DPP DECLARATION FOR THE CONVENIENCE OF THE BUYER AND IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF ALL OF THE TERMS OF THE DPP DECLARATION. THE FULL TEXT OF THE DPP DECLARATION SHOULD BE EXAMINED AND CONTROLS OVER THIS DESCRIPTION.

EXHIBIT "P"

Mariners Place Townhomes, Increment 4

Description of the Declaration of Covenants, Conditions, and Restrictions for Ocean Pointe (Residential)

As mentioned in Section V.C.1 of the public report, the Project is a part of the approximately 1,100 acre master-planned community known as Ocean Pointe and is therefore subject to the terms and conditions set forth in that certain Declaration of Covenants, Conditions, and Restrictions for Ocean Pointe (Residential), dated September 15, 1998, recorded as Land Court Document No. 2486145, as amended or supplemented by that certain First Amendment to Declaration of Covenants, Conditions, and Restrictions for Ocean Pointe (Residential), dated October 30, 1998, recorded as Land Court Document No. 2498586, that certain First Supplemental Declaration of Covenants, Conditions, and Restrictions for Ocean Pointe (Residential), dated July 27, 1999, recorded as Land Court Document No. 2564353, that certain Second Supplemental Declaration of Covenants, Conditions, and Restrictions for Ocean Pointe (Residential), dated October 12, 2000, recorded as Land Court Document No. 2658343, that certain Third Supplemental Declaration of Covenants, Conditions, and Restrictions for Ocean Pointe (Residential), dated August 3, 2001 ("Third Supplement"), recorded as Land Court Document No. 2727221, that certain First Amendment to Third Supplemental Declaration of Covenants, Conditions, and Restrictions for Ocean Pointe (Residential), dated August 29, 2001, recorded as Land Court Document No. 2733526 ("Amended Third Declaration"), and that certain Fourth Supplemental Declaration of Covenants, Conditions, and Restrictions for Ocean Pointe (Residential), dated March 16, 2002, recorded as Land Court Document No. 2788218 (collectively, the "Master Declaration"). The Master Declaration was prepared and executed by the Developer and Developer's affiliated company, HASEKO (Ewa), Inc. (the "Master Declarant").

The purpose of the Master Declaration is to facilitate the development, ownership, and use of the "Property" (as defined in the Master Declaration) and to provide for the formation of the Ocean Pointe Residential Community Association (the "Master Association") that administers the Property. The following is a brief description of some of the significant provisions of the Master Declaration (unless defined herein, capitalized terms shall be defined as set forth in the Master Declaration).

1. Scope. The Master Declarant presently plans to develop (i) a master-planned residential community tentatively consisting of approximately 4,850 dwelling units together with (ii) a contiguous master-planned non-residential development which may include commercial, industrial, resort, and recreational uses, all of which will be known as "Ocean Pointe" (as defined in the Master Declaration). The primary purpose of the Master Declaration is to provide for the maintenance of the "Area of Common Responsibility" and the "Master Facilities" as well as to administer the "Design Guidelines" (as those terms are defined in the Master Declaration) applicable to the residential component of Ocean Pointe. The Property encumbered by the Master Declaration presently includes the land encumbered by the Declaration of Covenants, Conditions, and Restrictions for Ke 'Āina Kai (the "Ke 'Āina Kai Declaration"), the land encumbered by the Declaration of Condominium Property Regime for Mariners Place Townhomes, Increment 4, as well as certain adjacent

parcels owned by Master Declarant which will be devoted to roadway and landscaping purposes. The Master Declarant has reserved the right to annex to the Property those portions of the proposed Ocean Pointe project that are predominantly used for residential purposes (including without limitation for single or multi-family dwelling purposes or that may in the future be devoted to such uses). The Master Declarant has also reserved the right to withdraw property from the Master Declaration. The Master Declarant's rights to annex and withdraw property from the Master Declaration may be exercised at any time prior to the Last Conveyance Date (which is the date that the last residential dwelling unit proposed to be developed within Ocean Pointe is sold). The Master Declarant's rights to withdraw and annex property are generally covered in Sections 2.2 and 2.3 of the Master Declaration.

2. Amendment. Generally, the Master Declaration can be amended only with the vote of 75% of the units within the Property. However, prior to the termination of the Class B membership (see paragraph 3 below), such amendments will require the approval of the Master Declarant and the Master Declarant has reserved the right to amend the Master Declaration unilaterally (i) for any reason prior to the conveyance any unit within the Property; (ii) as to any unit, lot, or group of units/lots, where the same are owned by Master Declarant or the Developer; (iii) for the purpose of correcting technical defects, to make non-substantive changes, to comply with the requirements of various governmental loan programs, or to comply with various governmental or statutory requirements; (iv) for any other changes that do not have a material adverse effect on the rights of any "Owner" (as defined in the Master Declaration) and the value of any unit not owned by the Master Developer or the Developer; or (v) to annex or withdraw any property pursuant to the Master Declaration or to change the designation of the Area of Common Responsibility. The Master Declarant and the Developer also have the right to amend the Master Declaration unilaterally at any time to exercise their rights that are otherwise reserved or referenced in the Master Declaration. (See generally Section 2.1).

3. Association Membership/Voting. Membership in the Master Association is divided into two classes: (a) Class A members are all Owners (including Master Declarant as to each unit Master Declarant owns) and there will be one vote for each unit; and (b) the sole Class B member is the Master Declarant. The Class B member has the right to select all Master Association board members until the earlier of (i) the date when the total number of units subject to the Master Declaration equals 800; or (ii) December 31, 2010. Thereafter, the Class B member shall have the right to select a majority of the Master Association board members until the termination of the Class B membership which shall occur upon the earlier of: (i) the date when 75% of all of the residential units proposed to be constructed within Ocean Pointe have been sold; (ii) December 31, 2030; or (iii) the date when the Master Declarant elects to terminate its Class B membership. Generally, in all matters other than the election of board members, there shall only be one class of membership (see generally Article III). If Owners are members of a "Community Parcel Association" (as defined in the Master Declaration) (such as the Association of Apartment Owners of Mariners Place Townhomes, Increment 4), then all voting rights of such Owners will be exercised by the senior elected officer of that Community Parcel Association.

4. Master Association Powers and Duties.

a. General. The Master Association has broad powers to administer the Property. Generally, the Master Association has the power: (i) to acquire, hold, and dispose of property; (ii) to pay, compromise, or contest real property taxes and assessments on the Master Facilities and other property; (iii) to enforce the Master Declaration; (iv) to enter into contracts for the purpose of carrying out its duties under the Master Declaration (including management contracts); (v) to collect assessments; (vi) to maintain books and records of its receipts and expenditures; and (vii) to maintain the Master Facilities and Area of Common Responsibility (described below).

b. Master Facilities. The Master Facilities will include property that the Master Association acquires any ownership interest in (whether by deed, lease, easement, license, assignment, or other instrument) and generally may include the following property which Master Declarant in the exercise of its sole discretion may elect to convey to the Master Association: (i) the "Initial Landscaping Lot"; (ii) the "Initial Landscaping Easements"; (iii) the "Entry Lots" (as such terms are defined in the Master Declaration) (provided that the Master Declarant may not convey the Entry Lots to the Master Association prior to the 5th anniversary of the date that the Master Declaration was filed of record in the Land Court); (iv) any improvements which constitute all or any component of the "Non-potable Water System" (as defined in the Master Declaration) serving the Property including associated easements; and (v) components of the circulation and greenbelt systems for the Property, including non-dedicated roadways, pedestrian pathways, bikeways, associated landscaping easements, private parks, open space and all other related property and facilities located within or adjacent to the "Master Declarant Land" (as defined in the Master Declaration) which may be designated by Master Declarant from time to time). The Master Association through the board may also acquire any other property which the board in the exercise of its discretion deems necessary or appropriate. Prior to the time that any of the Master Facilities are transferred to the Master Association, the Master Declarant shall have all rights, duties, and powers reserved to the Master Association in the Master Declaration. (See generally Article IV).

c. Area of Common Responsibility. The Area of Common Responsibility generally consists of those areas designated in the Master Declaration that the Master Association is responsible for maintaining even though the Master Association does not have an ownership interest in such property. Currently, the Area of Common Responsibility includes the following property: (i) the Initial Landscaping Easements, (ii) the Initial Landscaping Lot, (iii) the "Perimeter Mini-Park," the "Area IB Mini-Park," and the "Area IC Perimeter Mini-Park" (as those terms are defined in the Master Declaration) (notwithstanding the conveyance of such properties to the Ke 'Āina Kai Community Association), and (iv) all landscaping located within the "Initial Roadway Lots" (as defined in the Master Declaration) (notwithstanding the dedication of such Lots to a governmental entity). The Area of Common Responsibility may also include in the future the following property when designated in a supplemental Master Declaration: (a) all landscaping located within all other dedicated roadways which are located within, adjacent to, in the vicinity of or which otherwise benefit the Property as determined by the Master Declarant, (b) any of the property generally described in subparagraph 4.b. above as determined by the Master Declarant, (c) the Non-Potable Water System, (d) the Entry Lots (provided, that the effective date of such designation shall in no event occur prior to the fifth (5th) anniversary of the date that the Master Declaration is recorded, (e) the "Area ID Landscaping Easements," as tentatively depicted on the map attached as Exhibit B to the Third

Supplement to the Master Declaration as described above, and (f) such other property as may be maintained by the Association by agreement. The Area of Common Responsibility shall not include any property that is transferred to the Master Association and thereby becomes part of the Master Facilities.

5. Use of Master Facilities. Generally, the Owners have a non-exclusive right and easement to use the Master Facilities subject to: (i) any restrictions set forth in any rules adopted by the Master Association; (ii) any restrictions, encumbrances, easements, and rights of way which may be reserved at the time any Master Facilities are transferred to the Master Association; (iii) any road, utility, or similar easements and rights of way which may be required by any governmental entity, or that may be taken under power of eminent domain, or granted or conveyed by the board; and (iv) other rights reserved to the Master Declarant or the Developer in the Master Declaration. Owners may not relinquish rights to use the Master Facilities and thereby avoid their obligations for assessments.

6. Assessments. The Master Association shall have the right to assess Owners common assessments for the expenses incurred by the Master Association (see generally Article VI). The common assessments to be levied on each unit shall be computed as follows:

a. Where the total number of units subject to the Master Declaration at the start of any fiscal year is less than 800, the common assessment to be levied on each unit during such fiscal year shall be computed by multiplying the sum of all common expenses by a fraction, the numerator of which is one (1), and the denominator of which is 800. The Developer shall partially subsidize the common expenses incurred by the Association during such period by paying to the Association an amount equal to the positive difference between the sum of all common expenses and the sum of all common assessments assessed against all units within the Property during such fiscal year and calculated according to the immediately preceding sentence (including units owned by the Developer).

b. Where the total number of units subject to the Master Declaration at the start of any fiscal year equals or exceeds 800, the common assessment to be levied on each unit during such fiscal year shall be computed by multiplying the sum of all common expenses by a fraction, the numerator of which is one (1), and the denominator of which is the total number of units subject to the Master Declaration.

Until the Last Conveyance Date, either the Master Declarant and/or the Developer may annually elect either to pay the common assessments due on their respective unsold units or to pay to the Association the difference between the amount of all common assessments assessed against all units (other than those units owned by Master Declarant and/or Developer) subject to assessment and the amount of the actual expenditures required to operate the Master Association during the fiscal year.

The Master Association shall also be entitled to levy special assessments as follows: (i) against an Owner when an Owner defaults in the performance of its obligations under the Master Declaration, (ii) to make up a shortfall in receipts due to

Owner delinquencies; (iii) where the budget is exceeded due to unanticipated circumstances; or (iv) for other reasons determined by the board.

Nonpayment of any assessments will give rise to a lien against the Owner's unit in an amount equal to the unpaid assessments plus interest, attorney's fees, and costs of collection and the board may foreclose on such lien as provided by law, provided, however, that with respect to units whose Owners are members of a Community Parcel Association (such as the Association of Apartment Owners of Mariners Place Townhomes, Increment 4), all assessments attributable to such units shall be an obligation of the Community Parcel Association and shall be included as a common expense in the budget of such association. Individual Owners shall not be personally liable for the failure of a defaulting Community Parcel Association to pay its share of assessments and the Master Association shall have recourse only against the defaulting Community Parcel Association and its property.

7. Design Standards. All construction and alteration of improvements within the Property are subject to approval by the Design Review Committee ("DRC") and must be in compliance with the Design Guidelines which will be initially adopted by the Master Declarant (see generally Article VII). It is anticipated that the Design Guidelines applicable to Mariners Place Townhomes, Increment 4 will be the same or similar to the Design Guidelines which presently apply to the Property. Until the Last Conveyance Date, all members of the DRC will be appointed by the Master Declarant. The DRC will have the authority to grant variances under specified circumstances and shall also have the authority to order the removal of any work which is not performed in accordance with the Master Declaration and Design Guidelines. The administration of the Design Guidelines applicable to a particular Community Parcel may be delegated to such Community Parcel from time to time as provided in the Master Declaration.

8. Additional Reserved Rights of Master Declarant and Developer. Generally, Article VIII of the Master Declaration provides that the Master Declarant and/or Developer (as the case may be) (i) may assign their rights reserved under the Master Declaration to any third party, (ii) may execute and record any instruments necessary (including amendments or supplements to the Master Declaration) which they deem necessary to exercise rights referenced or reserved to them in the Master Declaration, (iii) have reserved the right to conduct sales activities within portions of the Property, (iv) have reserved the right to erect signs within the Master Facilities, (v) have reserved the right to change development plans for the Ocean Pointe project, (vi) have reserved the right to execute specified documents affecting the Property, and (vii) have reserved the right to exercise cross easement agreements on behalf of the Master Association. Master Declarant and Developer have reserved the following additional rights:

a. Easements. Under Section 8.7 of the Master Declaration, the Master Declarant and Developer have reserved for themselves and their designees blanket perpetual easements as well as the right to designate, grant, dedicate, realign, relocate, or cancel perpetual easements for various purposes including access and utility purposes across the Master Facilities. Such easements may be assigned to the Master Association on such terms and conditions as are acceptable to the Master Declarant or Developer, as the case may be.

b. Drainage. During the Initial Term, the Master Declarant shall have the right to select a qualified engineer who shall have the authority to determine the Master Association's fair and equitable share of drainage control costs within Ocean Pointe. Such drainage control costs may include: (i) the dredging of the marina depicted in the "Master Plan" (as defined in the Master Declaration) (if constructed and as the configuration of same may be altered by Master Declarant in its discretion) or alternatively, the maintenance of a permanent retention basin within Ocean Pointe; and (ii) maintaining all associated drainage channels located within Ocean Pointe. The Master Association's share of all such expenses shall be a common expense of the Master Association and shall be included in the common assessments.

9. Insurance. The Master Association is required to carry the following types of insurance: (i) property casualty insurance on all insurable improvements within the Master Facilities and Area of Common Responsibility; (ii) commercial general liability insurance (with umbrella liability coverage); (iii) worker's compensation insurance (where required by law); (iv) directors and officers liability insurance; (v) fidelity insurance; (vi) non-owned and hired automobile liability coverage, (vii) such additional insurance as the board may determine from time to time. Premiums for insurance carried by the Master Association shall be common expenses which will be included in common assessments.

10. Term. The term of the Master Declaration shall be for a period of fifty (50) years from the date that the Master Declaration was recorded. Thereafter, the Master Declaration shall automatically be extended for successive periods of twenty (20) years unless terminated by a written instrument approved by a 75% of the total votes in the Association.

THE FOREGOING IS A GENERAL DESCRIPTION OF THE MASTER DECLARATION FOR THE CONVENIENCE OF THE BUYER AND IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF ALL OF THE TERMS OF THE MASTER DECLARATION. THE FULL TEXT OF THE MASTER DECLARATION SHOULD BE EXAMINED AND CONTROLS OVER THIS DESCRIPTION.