CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer *Urban Loft Development, LLC*
Business Address *1146 Fort Street Mall, Suite 202, Honolulu, Hawaii 96813*

Project Name (*): ***LOFT @ WAIKIKI***
Address: *427 Launiu Street, Honolulu, Hawaii 96815*

Registration No. 5597

Effective date: January 31, 2008
Expiration date: February 28, 2009

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

____ **FINAL: (white)** The developer has legally created a condominium and has filed complete information with the Commission.
[ ] No prior reports have been issued.
[ ] This report supersedes all prior public reports.
[ ] This report must be read together with _____

X **SECOND SUPPLEMENTARY: (pink)** This report updates information contained in the:
[ ] Preliminary Public Report dated: _____
[ ] Final Public Report dated: _____
[X] Supplementary Public Report dated: May 25, 2007

And
[X] 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 586-2643 to submit your request.

FORM: RECO-30 286/986/189/1190/892/0197/1098/0800/0203/0104/0107

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

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

[X] Changes made are as follows:

1. Page 5 has been updated to reflect that Honolulu Builders, LLC is the new General Contractor.

2. Page 6 has been updated to note the recordation of the Second Amendment to Declaration of Condominium Property Regime of Loft @ Waikiki and Condominium Maps 3751 & 1620.

3. Page 12 and Exhibit D have been updated to reflect the amended parking stall assignments.

4. Page 14 has been amended to insert the date of the updated title report.

5. Page 16 has been amended to update the estimated date of completion.

6. Exhibit A, Schedule A has been updated to note the change in the percentage common interest with respect to Apartment No. 309 only.

7. Exhibit G has been updated to reflect the amendments to the Declaration and Condominium Maps.

8. Exhibit I has been updated to show the revised estimated maintenance fees.

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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: *Urban Loft Development, LLC* Phone: *(808) 526-4020*
Name* (Business)

1146 Fort Street Mall, Suite 202
Business Address
Honolulu, Hawaii 96813

Name 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):

Urban Loft Investors, LLC, a Delaware limited liability company, is the managing member of Urban Loft Development, LLC. HRE Waikiki, LLC, a Delaware limited liability company, is the managing member of Urban Loft Investors, LLC. Thomas M. Smith is the managing member of HRE Waikiki, LLC.

Real Estate Broker*: *Prudential Locations, LLC* Phone: *(808) 735-4200*
Name (Business)
3465 Waialae Avenue, 4th Floor
Honolulu, Hawaii 96816
Business Address

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

General Contractor*: *Honolulu Builders, LLC* Phone: *(808) 521-1855*
Name (Business)
800 Bethel Street, Suite 401
Honolulu, Hawaii 96813
Business Address

Condominium Managing Agent*: *Hawaii First Inc.* Phone: *(808) 531-5566*
Name (Business)
800 Bethel Street, Suite 501
Honolulu, Hawaii 96813
Business Address

Attorney for Developer: *Galen C.K. Leong, Esq.* Phone: *(808) 539-0400*
Name (Business)
Ashford & Wriston, a limited liability law partnership, LLP
1099 Alakea Street, 14th Floor
Honolulu, Hawaii 96813
Business Address

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

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

[ ] Proposed
[X] Recorded - Bureau of Conveyances: Document No. 2004-077808
Book _____ Page _____
[X] Filed - Land Court: Document No. 3098018

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

First Amendment of Declaration of Condominium Property Regime of Loft @ Waikiki and Condominium Map Nos. 3751 and 1620, dated February 9, 2005, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2005-027968 and also recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 3229614.

Second Amendment of Declaration of Condominium Property Regime of Loft @ Waikiki and Condominium Map Nos. 3751 and 1620, dated December 14, 2007, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2007-219878 and also recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 3694928.

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
[X] Recorded - Bureau of Conveyances Condo Map No. 3751
[X] Filed - Land Court Condo Map No. 1620

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

First Amendment of Declaration of Condominium Property Regime of Loft @ Waikiki and Condominium Map Nos. 3751 and 1620, dated February 9, 2005, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2005-027968 and also recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 3229614.

Second Amendment of Declaration of Condominium Property Regime of Loft @ Waikiki and Condominium Map Nos. 3751 and 1620, dated December 14, 2007, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2007-219878 and also recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 3694928.

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
[X] Recorded - Bureau of Conveyances: Document No. 2004-077809
Book _____ Page _____
[X] Filed - Land Court: Document No. 3098019

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

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

The House Rules for this condominium are:

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

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

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

	Minimum Set by Law	This Condominium
Declaration (and Condo Map)	75%*	*75%*
Bylaws	65%	*67%*
House Rules	---	*Board may change*

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

2. Developer:

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

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

At any time before a sales contract becomes binding, Seller shall have the right for any reason to change the condominium project and to modify the condominium documents, including without limitation, the Declaration, Bylaws, Condominium Map, House Rules, and the form of Apartment Deed.

At any time after a sales contract becomes binding, Seller reserves the right to change the Declaration, Bylaws, Condominium Map, House Rules, the form of Apartment Deed and other documents in order to comply with the requirements of any law, any title insurance company, any lender, or any governmental agency as a condition to selling apartments in the Project. Seller has also reserved the right to make any changes that Seller determines to be necessary, made at any time before the recordation of the conveyance of an Apartment to a Buyer, provided that the changes do not: (i) substantially change any of Seller's obligations under the sales agreement; (ii) require a substantial change in the design, location or size of the Apartment or of the building in which the Apartment is located; (iii) increase the Buyer's undivided percentage common interest in the common elements of the Project; or (iv) reduce Seller's obligation for common expenses on any unsold apartments in the Project.

Seller has also reserved the right to consolidate unsold adjacent apartments as provided in the Declaration.

Seller has also reserved the right to grant easements through the common elements for any reasonable purpose.

III. THE CONDOMINIUM PROJECT

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

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

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

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

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause 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: *427 Launiu Street*
Honolulu, Hawaii 96815

Tax Map Key (TMK): *(1) 2-6-17:68, 70, 71, 72 and 73*

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

Land Area: *29,907* [**X**] square feet [ ] acre(s) Zoning: *A-2*

Fee Owner: *Urban Loft Development, LLC*
Name

Lessor: *N/A*
Name

Address

C. **Buildings and Other Improvements**:

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

2. Number of Buildings: *One* Floors Per Building: Six

   [**X**] Exhibit *A* contains further explanations.

3. Principal Construction Material:

   [**X**] Concrete [ ] Hollow Tile [ ] Wood

   [**X**] Other *Glass, gypsum board with steel studs*

4. Uses Permitted by Zoning:

		No. of Apts.	Use Permitted By Zoning
[**X**]	Residential	*36*	[**X**] Yes [ ] No
[ ]	Commercial		[ ] Yes [ ] No
[ ]	Mix Res/Comm		[ ] Yes [ ] No
[ ]	Hotel		[ ] Yes [ ] No
[ ]	Timeshare		[ ] Yes [ ] No
[ ]	Ohana		[ ] Yes [ ] No
[ ]	Industrial		[ ] Yes [ ] No
[ ]	Agricultural		[ ] Yes [ ] No
[ ]	Recreational		[ ] Yes [ ] No
[ ]	Other		[ ] Yes [ ] No

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

5. Special Use Restrictions:

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

[X] Pets: *shall not be kept, bred or used for any commercial purposes.*

[ ] Number of Occupants: _____

[X] Other: *See Exhibit B*

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: _____ Stairways: _____ Trash Chutes: _____

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	Identity
A	*31*	*2/2*	*1,047- 1,049*	See Exhibit *A*	*See Exhibit A*
B	*2*	*2/2*	*1,099*	92	
C	*3*	*3/3*	*1,447*	92	

Total Number of Apartments: *36*

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

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.
See Exhibit A for further descriptions of the apartments.

Boundaries of Each Apartment:

The net living area of enclosed portions of each respective apartment is measured from the interior surface of perimeter walls.

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load bearing walls, the floors and ceilings surrounding each apartment or any pipes, wires, conduits or other utility or service lines running through an apartment which are utilized for or serve more than one apartment, the same being deemed common elements. Each apartment shall be deemed to include all the walls, windows and partitions which are not load bearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, and the fixtures originally installed therein.

Permitted Alterations to Apartments: *See Exhibit C attached hereto.*

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. Developer has elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 82

	Regular Covered	Regular Open	Compact Covered	Compact Open	Tandem Covered	Tandem Open	TOTAL
Assigned (for each unit)	43	0	34	0	0	0	77
Guest	0	0	5	0	0	0	5
Unassigned	0	0	0	0	0	0	0
Extra for Purchase	0	0	0	0	0	0	0
Other:	0	0	0	0	0	0	0
Total Covered & Open:		43		39	0		82

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

[ ] Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

[ ] There are no recreational or common facilities.

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

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

[X] Other: *See description of common elements in Exhibit F*

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

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

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

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

11. Conformance to Present Zoning Code *(See Section V.C. for more information)*

a. [ ] No variances to zoning code have been granted.

[X] Variance(s) to zoning code was/were granted as follows: *See Exhibit E attached*

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

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

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

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

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

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

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

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

[**X**] described in Exhibit *F*

[ ] as follows:

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

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

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

[**X**] described in Exhibit *F*.

[ ] as follows:

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

[**X**] described in Exhibit *F*.

[ ] as follows:

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

Exhibit *G* describes the encumbrances against the title contained in the title report dated *December 13, 2007* and issued by *Title Guaranty of Hawaii, Incorporated*.

Blanket Liens:

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

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

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

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

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed **Prior to Conveyance**
1. *Mortgage, Security Agreement and Financing Statement; and Fixture Filing dated January 30, 2006, in favor of Finance Factors, Limited, a Hawaii corporation, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 3397862, and also recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2006-039100.*	*In the event of foreclosure, a purchaser will receive a full refund of all deposits (less a cancellation fee not to exceed $250.00).*
2. *Assignment of Sales Contracts and Deposits dated January 30, 2006, in favor of Finance Factors, Limited, a Hawaii corporation, recorded in said Bureau as Document No. 2006-039101.*	*In the event of foreclosure, a purchaser will receive a full refund of all deposits (less a cancellation fee not to exceed $250.00).*
3. *Financing Statement in favor of Finance Factors, Limited, a Hawaii corporation, recorded in said Bureau on February 28, 2006, as Document No. 2006-039102.*	*In the event of foreclosure, a purchaser will receive a full refund of all deposits (less a cancellation fee not to exceed $250.00).*

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 H.

2. Appliances:

   See Exhibit H.

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

The estimated date of completion is expected to occur in February, 2008. The certificates of occupancy were applied for in December, 2007 with the City and County of Honolulu and are anticipated to be issued by the City.

H. **Project Phases**:

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

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

n/a

IV. CONDOMINIUM MANAGEMENT

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

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

The initial condominium managing agent for this project, named on page five (5) of this report, is:

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

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

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

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

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

C. **Utility Charges for Apartments**:

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

[ ] None [X] Electricity (X Common Elements only ____ Common Elements & Apartments)

[X] Gas (___ Common Elements only X Common Elements & Apartments)

[X] Water [X] Sewer [ ] Television Cable

[ ] Other _____

V. MISCELLANEOUS

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

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

[**X**] Notice to Owner Occupants

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

[**X**] Escrow Agreement dated *October 14, 2003, as amended and restated on May 10, 2004*
Exhibit __K_____ 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. *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 _____

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. The Condominium Property Regime law (Chapter 51 4A, HRS) and the Administrative Rules (Chapter 107) are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov
Website to access unofficial copy of laws: www.hawaii.gov/dcca/hrs
Website to access rules: www.hawaii.govldcca/har

This Public Report is a part of Registration No. 5597 filed with the Real Estate Commission on February 11, 2005.

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

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

C. **Additional Information Not Covered Above**

As part of the Project, the Developer has received the following approvals from the City and County of Honolulu:

1. Special District Permit (Major) for the Waikiki Special District. The City and County of Honolulu approved a Special District Permit (Major) for the Waikiki Special District authorizing construction of a six-story residential condominium with 36 units, parking stalls, recreation facilities and appurtenant site improvements, subject to certain conditions including, without limitation, the condition that lanais and balconies shall not be permitted to be enclosed.

2. Conditional Use Permit (Minor). The City and County of Honolulu has issued a Conditional Use Permit ("CUP") under Section 21-5.380 of the LUO to allow the joint development of two or more adjacent lots and to treat the lots as one lot for zoning purposes subject to certain conditions.

3. Building Permits. The City and County of Honolulu has issued building permits for the Project.

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.

Urban Loft Development, LLC
Printed Name of Developer

By Urban Loft Investors, LLC, Its Managing Member

By HRE Waikiki, LLC, Its Managing Member

By: _____ January 3, 2008
Duly Authorized Signatory* Date

Thomas M. Smith, Its Managing Member
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

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

Description of Building and the Apartments

The building of the Project will consist of one six-story building. The first two stories are for parking and the next four stories contain the apartments.

The building will be constructed principally of concrete, glass, and gypsum board with steel studs.

1. Apartments. Thirty-six (36) separate fee simple estates are designated as the apartments of the Project as described below and as shown on the Condominium Map.

The apartments are located as shown on the Condominium Map and are numbered 301 through 609. The street address of the Project is 427 Launiu Street, Honolulu, Hawaii 96815.

There are three (3) different types of apartments in the Project, designated as Types "A", "B" and "C" as indicated in Schedule A attached hereto and made a part hereof.

Type "A" apartments have two bedrooms, two bathrooms, a kitchen and a living room and contain approximately 1047 square feet, or 1049 square feet for end units, together with one lanai as indicated in said Schedule A. Listed below are all the Type "A" apartments with their approximate lanai areas:

Apt. Nos.	301 & 309 – 241 square feet
Apt. Nos.	302, 303, 307 & 308 – 312 square feet
Apt. Nos.	304 & 306 – 401 square feet
Apt. No.	305 – 175 square feet
Apt. Nos.	401 thru 409, 501 thru 509, 602, 603, 607, 608 – 92 square feet

Type "B" apartments have two bedrooms, two bathrooms, a kitchen and a living room and contain approximately 1099 square feet, together with one lanai of approximately 92 square feet. Apartments 601 and 609 are of this apartment type.

Type "C" apartments have 3 bedrooms, 3 bathrooms, a kitchen and a living room, and contain approximately 1447 square feet, together with one lanai of approximately 92 square feet. Apartments 604, 605 and 606 are of this apartment type.

END OF EXHIBIT A

SCHEDULE A

APT. NO.	APT. FLOOR	APT. TYPE	APPROXIMATE NET LIVING AREA IN SF	TOTAL NUMBER OF ROOMS	BR/BT	APPROXIMATE LANAI AREA IN SF	PERCENTAGE COMMON INTEREST
301	3rd	A	1,049	5	2/2	241	2.6892%
302	3rd	AR	1,047	5	2/2	312	2.6841%
303	3rd	A	1,047	5	2/2	312	2.6841%
304	3rd	A	1,047	5	2/2	401	2.6841%
305	3rd	AR	1,047	5	2/2	175	2.6841%
306	3rd	AR	1,047	5	2/2	401	2.6841%
307	3rd	AR	1,047	5	2/2	312	2.6841%
308	3rd	A	1,047	5	2/2	312	2.6841%
309	3rd	AR	1,049	5	2/2	241	2.6882%
401	4th	A	1,049	5	2/2	92	2.6892%
402	4th	AR	1,047	5	2/2	92	2.6841%
403	4th	A	1,047	5	2/2	92	2.6841%
404	4th	A	1,047	5	2/2	92	2.6841%
405	4th	AR	1,047	5	2/2	92	2.6841%
406	4th	AR	1,047	5	2/2	92	2.6841%
407	4th	AR	1,047	5	2/2	92	2.6841%
408	4th	A	1,047	5	2/2	92	2.6841%
409	4th	AR	1,049	5	2/2	92	2.6892%
501	5th	A	1,049	5	2/2	92	2.6892%
502	5th	AR	1,047	5	2/2	92	2.6841%
503	5th	A	1,047	5	2/2	92	2.6841%
504	5th	A	1,047	5	2/2	92	2.6841%
505	5th	AR	1,047	5	2/2	92	2.6841%
506	5th	AR	1,047	5	2/2	92	2.6841%
507	5th	AR	1,047	5	2/2	92	2.6841%
508	5th	A	1,047	5	2/2	92	2.6841%
509	5th	AR	1,049	5	2/2	92	2.6892%
601	6th	B	1,099	5	2/2	92	2.8174%
602	6th	AR	1,047	5	2/2	92	2.6841%
603	6th	A	1,047	5	2/2	92	2.6841%
604	6th	C	1,447	7	3/3	92	3.7095%
605	6th	CR	1,447	7	3/3	92	3.7095%
606	6th	CR	1,447	7	3/3	92	3.7095%
607	6th	AR	1,047	5	2/2	92	2.6841%

608	6th	A	1,047	5	2/2	92	2.6841%
609	6th	B	1,099	5	2/2	92	2.8174%
		"R" Denotes Reverse					
TOTALS							100.0000%

END OF SCHEDULE A

EXHIBIT B

Use Restrictions for Apartments and Common Elements

The following provisions in the Declaration and House Rules, as indicated, contain restrictions on the use of the apartments and the common elements of the Project:

I. Declaration

Section I of the Declaration provides the following:

> 1. The apartments may be occupied and used as residential dwellings by the respective owners thereof, their tenants, families, domestic servants and guests, provided that the owners of the respective apartments shall have the absolute right to rent or lease such apartments for such durations of time as they shall deem appropriate, subject to all provisions of this Declaration and the Bylaws hereafter described, provided, however, that the initial term of any rental agreement or lease shall be at least thirty (30) days or such longer period as may be required under applicable law. All rental agreements and leases shall be in writing.
>
> 2. Each apartment owner may use the common elements of the Project in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other apartment owners, subject to:
>
> (a) The right of the Board of Directors, upon the approval of the owners of seventy-five percent (75%) of the common interests, to change the use of the common elements; provided, however, that the conversion of a common element to a limited common element shall require the approval of all owners;
>
> (b) The right of the Board of Directors, on behalf of the Association, to lease or otherwise use for the benefit of the Association those common elements which are not actually used by any of the apartment owners for an originally intended special purpose, as determined by the Board of Directors; provided that unless the approval of the owners of seventy-five percent (75%) of the common interests is obtained, any such lease shall not have a term exceeding five (5) years and shall contain a provision that the lease or agreement for use may be terminated by either party thereto on not more than sixty (60) days written notice;
>
> (c) The right of the Board of Directors to lease or otherwise use for the benefit of the Association those common elements not falling within paragraph 2(b) above, upon obtaining: (A) the approval of the owners of seventy-five percent (75%) of the common elements, including all directly affected owners and all owners of apartments to which such common elements are appurtenant in the case of limited common elements, and (B) approval of all mortgagees of record on apartments with respect to which owner

approval is required by (A) above, if such lease or use would be in derogation of the interest of such mortgagees; and

(d) The exclusive use of the limited common elements as provided in this Declaration.

II. House Rules

A. Section III of the proposed House Rules sets forth rules relating to noise and nuisance matters, including, without limitation, restrictions as to creating any improper, offensive or unreasonable nuisances in the Project; creating any excessive noise; slamming doors, the volume of noise devices during late evening and early morning hours and guest conduct.

B. Section IV of the proposed House Rules sets forth restrictions generally affecting maintenance of the apartments and the building, including, without limitation, restrictions on altering the exterior appearance of the apartments; restrictions on the display of signs, signals, or lettering; prohibition of the attachment of any objects on the outside of the apartment or through any door or window; prohibition of waterbeds and prohibition of installation of radio or television antenna within the Project.

END OF EXHIBIT B

EXHIBIT C

Permitted Alterations to an Apartment

Paragraph U of the Declaration provides as follows:

Restoration or replacement of the Project or of any building or common elements, or the construction of any additional building, or the alteration of or addition to any structure which differs in any material respect from said Condominium Map of the Project, shall be undertaken by the Association or any apartment owners pursuant only to an amendment of this Declaration, approved by not less than eighty percent (80%) of the owners of the common interests and accompanied by the written consent of the holders of first mortgages on apartments to which at least fifty-one percent (51%) of the votes of apartments subject to such mortgages are allocated (if the lienholders require such consent) affecting any of the apartments, in accordance with complete plans and specifications therefore prepared by a licensed architect or engineer if so required by the Board, first approved by the Board. Promptly upon completion of any such restoration, replacement or construction, the Association shall duly file such amendment together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or engineer.

No apartment owner shall do any work which jeopardizes the soundness or safety of the Project, reduces the value thereof or impairs any easement or hereditament, without in every such case the consent of the owners of seventy-five percent (75%) of the common interests, together with the consent of all apartment owners whose apartments or limited common elements appurtenant thereto are directly affected, being first obtained; provided, however, that non-material structural additions to the common elements, or additions to or alterations of an apartment made within such apartment or within a limited common element appurtenant to and for the exclusive use of such apartment shall require approval only by the Board and such percentage, number or group of apartment owners as may be required by this Declaration or the Bylaws. Upon completion of any addition or alteration which changes the floor plan of an apartment or limited common element, the Board shall cause a copy of the revised floor plan of the apartment or limited common element affected to be filed, at the expense of the owner of such apartment, as an amendment of this Declaration and said Condominium Map. "Non-material structural additions to the common elements", as used herein, shall mean a structural addition to the common elements which does not jeopardize the soundness or safety of the property, reduce the value thereof, impair any easement or hereditament, detract from the appearance of the Project, interfere with or deprive any non-consenting owner of the use or enjoyment of any part of property or directly affect any non-consenting owner.

Prior to commencing any improvements or alterations permitted to be made pursuant to this Section, and as a condition to the apartment owner's right to undertake such improvements and alterations, the apartment owner shall provide to the Board: (a) a certification in form and content reasonably satisfactory to the Board signed by an architect or engineer duly registered in the State of Hawaii, that such improvement or alteration will not affect the structural integrity of the common elements, limited common elements, or of any other apartment in the Project; (b) satisfactory evidence that all governmental approvals for such alteration have been duly obtained; and (c) if the cost of the improvement or alteration, as reasonably determined by the Board, shall exceed the sum of $25,000.00, the Board may require that the owner provide evidence satisfactory to the Board of sufficient financing to complete such alteration, or in lieu thereof, require that the owner obtain a performance and lien payment bond, naming as obligees the Declarant, the Board and the Association and collectively all apartment owners and their respective mortgagees of record, as their interests may appear, for a penal sum of not less than one hundred percent (100%) of the estimated cost of such alteration.

All alterations or additions to the Project, the common elements, an apartment, or a limited common element shall be done in accordance with all applicable laws, ordinances, rules, regulations and codes ("Laws"). Any apartment owner who makes an alteration or addition to his or her apartment or the limited common element appurtenant thereto shall indemnify, defend and hold harmless the Association against any and all claims, liability, loss, cost, expense, injury or damages ("Claims") arising from such alteration or addition including without limitation Claims arising from failure to observe applicable Laws.

END OF EXHIBIT C

EXHIBIT D

Parking Stall Assignments

The Project has a total of eighty-two (82) parking stalls. The current assignment of parking stalls as limited common elements is as shown below:

APT. NO.	PARKING STALL NUMBER
301	253 & 256C
302	252 & 257C
303	107 & 111C
304	124C & 126
305	109 & 110
306	122C & 127
307	125 & 123C
308	232 & 274C
309	233 & 273C
401	254 & 255
402	251 & 258C
403	105 & 113C
404	106 & 112C
405	250 & 259C
406	120C & 129
407	121C & 128
408	108 & 235 & 271C
409	234 & 272C
501	248 & 261C
502	249 & 260C
503	104 & 114C
504	103 & 115C
505	102 & 116C
506	101 & 117C
507	118C & 131
508	119C & 130
509	236 & 270C
601	245 & 264C
602	246 & 263C
603	247 & 262C
604	244 & 265C
605	241 & 242 & 243
606	6 & 7 & 240 & 266C & 275C

APT. NO.	PARKING STALL NUMBER
607	237 & 269C
608	238 & 268C
609	239 & 267C

"C" Denotes Compact

The 5 remaining parking stalls are for guest parking.

NOTE CONCERNING ASSIGNMENT OF STALLS: Hawaii Revised Statutes provides owners of apartments with the right to change the designation of parking stalls, as follows:

> **§514A-14 Parking Stalls**. Notwithstanding any provision of the declaration, apartment owners shall have the right to change the designation of parking stalls which are appurtenant to their respective apartments by amendment of the declaration and respective apartment leases or deeds involved. The amendment need only be signed and approved by the lessor (in the case of a leasehold project) and the owners (and their respective mortgagees if any) of the apartments whose parking stalls are being changed. The amendment shall be effective only upon recording or filing of the same of record with the bureau of conveyances.

Accordingly, the Declaration may be subsequently amended by the Developer or individual apartment owners in order to reallocate parking stalls.

END OF EXHIBIT D

EXHIBIT E

Variances to the Zoning Code

The City and County of Honolulu has approved a zoning variance (Variance No. 2004/VAR-12) allowing the 6-story multi-family building to exceed the maximum floor area density and to provide less than the minimum required open space, subject to certain conditions.

END OF EXHIBIT E

EXHIBIT F

Description of Common Elements, Limited Common Elements and Common Interests

1. Common Elements. Section D.2 of the Declaration describes the common elements as all portions of the Project other than the apartments, including specifically, but not limited to:

(a) The land described herein in fee simple;

(b) All foundations, floor slabs, columns, beams, supports, unfinished perimeter and load bearing walls, roofs, stairs, stairways, rails, fire escapes, walkways around and between the buildings, and storage, laundry and electrical rooms;

(c) Except as may otherwise be specifically provided herein, all yards, grounds, landscaping, driveways, curbs, trash enclosures and like facilities;

(d) The swimming pool and swimming pool area; and

(e) All pipes, wires, conduits or other utility or service lines running through one apartment or house site which are utilized for or serve more than one apartment and any other appurtenant installations for common services.

2. Limited Common Elements. Section D.3 of the Declaration describes the limited common elements as certain parts of the common elements which are set aside for the use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements as follows:

(a) The parking stall, as shown on the Condominium Map, assigned to each apartment as shown on Exhibit "C" attached to the Declaration is hereby designated as a limited common element appurtenant to and for the exclusive use of such apartment; and

(b) The lanai appurtenant to each apartment.

3. Common Interest. Section E of the Declaration describes the common interest for each apartment as follows:

Each apartment shall have appurtenant thereto an undivided interest in all common elements of the Project, called the "common interest", and the same proportionate share in the common profits and expenses of the Project and for all other purposes, including voting, as shown in Exhibit A.

NOTE: The common interest for each apartment is shown in this Public Report under Exhibit A, Schedule A.

END OF EXHIBIT F

EXHIBIT G

Encumbrances Against Title

PARCEL FIRST:

(A) All of those certain parcels of land situate at the east corner of Kalakaua Avenue and Kalaimoku Street at Waikiki, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

Lot 29, area 4,793 square feet, and
Lot 30, area 3,836 square feet, more or less,

as shown on Map 1, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1293 of Magoon Estate, Limited.

(B) Parcels R-4-A and R-4-B of Frontage Improvement 67, Launiu Street, from Ala Wai Boulevard to Kuhio Avenue, being a portion of the land described in and covered by Royal Patent Number 2275, Land Commission Award Number 867, Apana 2, to Nihopuu, situate, lying and being at Waikiki, Honolulu, City and County of Honolulu, State of Hawaii, and thus bounded and described:

Beginning at the north corner of this parcel of land, on the southeast side of Launiu Street, the coordinates of said point of beginning referred to City and County Survey Street monument at the intersection of the Monument line on Launiu Street with the center line of Ala Wai Boulevard being 136.77 feet south and 85.48 feet west, and the coordinates of said point Monument referred to Government Survey Triangulation Station "Waikiki" being 179.96 feet south and 232.00 feet east, and running by azimuths measured clockwise from true South:

312°	30'	11.66	feet;
45°	18'	75.97	feet along Lots 30 and 29 of Land Court Application 1293;
100°	37'	9.79	feet along Lot 29 of land Court Application 1293;
222°	45'	81.06	feet along the southeast side of Launiu Street to the point of beginning and containing an area of 778 square feet, more or less.

PARCEL SECOND:

All of that certain parcel of land situate at the east corner of Kalakaua Avenue and Kalaimoku Street at Waikiki, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

Lot 28, area 5,125 square feet, more or less, as shown on Map 1, filed in said Office with Land Court Application No. 1293 of Magoon Estate, Limited.

PARCEL THIRD:

All of that certain parcel of land situate at the east corner of Kalakaua Avenue and Kalaimoku Street at Waikiki, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

Lot 27, area 5,125 square feet, more or less, as shown on Map 1, filed in said Office with Land Court Application No. 1293 of Magoon Estate, Limited.

PARCEL FOURTH:

(A) All of those certain parcels of land situate at the east corner of Kalakaua Avenue and Kalaimoku Street at Waikiki, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

Lot 25, area 5,103 square feet, and
Lot 26, area 5,060 square feet, more or less,

as shown on Map 1, filed in said Office with Land Court Application No. 1293 of Magoon Estate, Limited.

(B) All of those certain parcels of land situate at the east corner of Kalakaua Avenue and Kalaimoku Street at Waikiki, Honolulu, City and County of Honolulu, State of Hawaii, described as follows:

Lot 156-A, area 65 square feet, and
Lot 156-B, area 22 square feet, more or less,

as shown on Map 20, filed in said Office with Land Court Application No. 537 of John Francis Bowler and August Ahrens, Limited.

The above Parcels are subject to the following encumbrances:

1. As to Parcels First (Lots 29 and 30 only), Second, Third and Fourth (Lots 25 and 26 only):

(a) Designation of Easement "A" (10 feet wide) for public utilities purposes, as shown on Map 1, filed with Land Court Application No. 1293.

(b) Grant to the City and County of Honolulu dated August 10, 1966, recorded in said Office as Land Court Document No. 433587, granting an easement for sanitary sewer purposes over said Easement "A".

(c) The terms and provisions contained in Agreement dated March 13, 1940, recorded in said Bureau in Liber 1568, at Page 377, by and between John H. Magoon, Alfred K. Magoon and Eaton H. Magoon, Trustees, et al., as Grantors, and The Hawaiian Electric Company, Limited, now known as Hawaiian Electric Company, Inc., as Grantee, and stipulation dated August 7, 1940, as follows:

"It is hereby stipulated and agreed by the applicants herein and by The Hawaiian Electric Company, Limited, by their respective attorneys, that any registration of title by the applicants in the above entitled matter shall be made subject to the perpetual right and easement of The Hawaiian Electric Company, Limited, its successors and assigns, in common with other utilities, to build, construct, rebuild, reconstruct, repair, maintain and operate pole and wire lines and underground conduit lines over, upon, under and across those portions (being strips five or ten feet in width) of Lots 3-6 inclusive, 8-11 inclusive, 13-39 inclusive, 42-53 inclusive, 56 and 57, as are indicated by short dashed lines upon the map accompanying said application and subject also to the perpetual right and easement of said The Hawaiian Electric Company, Limited its successors and assigns, in common with other utilities, to use such poles, wires, cable, conduits, cross arms, guys and other appliances and equipment as may be necessary for the transmission and distribution of electricity to be used for light and power and/or telephone, including the right to entry upon the premises for the construction, maintenance, repair and operation of said lines in efficient use and condition; and subject further to all of the covenants contained and set forth in that certain Agreement by and between the parties hereto dated March 13, 1940 and recorded in the Bureau of Conveyances of said Territory in Book 1568, Page 377,...."

2. As to Parcel Fourth: The terms and provisions contained in Agreement for Issuance of Special Use Permit Under Section 21-2.71, Revised Ordinances of Honolulu 1978, as amended, dated May 24, 1985, recorded in said Office as Land Court Document No. 1327048, by Magoon Brothers, Limited, a Hawaii corporation, as Declarant.

3. As to Parcel Fourth (Lots 25 and 26 only): Grant to Hawaiian Electric Company, Inc. and Hawaiian Telcom, Inc. dated February 27, 2007, recorded in said Office as Land Court Document No. 3570829, granting a perpetual right and easement for utility purposes.

Map 2006-103 dated December 19, 2006, attached to said Grant shows Designation of Easements "A" and "B" for underground power line purposes, and "C" for transformer vault site purposes. Said Easements were approved by the City and County of Honolulu, Department of Planning and Permitting, on March 29, 2007 (File No. 2007/SUB-65).

4. As to all Parcels:

(a) The terms and provisions contained in Declaration of Condominium Property Regime for "Loft @ Waikiki" Condominium Project dated --- (acknowledged April 12, 2004), recorded in said Office as Land Court Document No. 3098018, and also recorded in said Bureau as Document No. 2004-077808, as shown on Map 1620 filed in said Office, and Map 3751 recorded in said Bureau, and any amendments thereto. Said Declaration was amended by instruments dated February 9, 2005, recorded in said Office as Land Court Document No. 3229614, and also recorded in said Bureau as Document No. 2005-027968, and dated December 14, 2007, recorded in said Office as Land Court Document No. 3694928, and also recorded in said Bureau as Document No. 2007-219878.

(b) The terms and provisions contained in By-Laws of the Association of Apartment Owners dated --- (acknowledged April 12, 2004), recorded in said Office as Land Court Document No. 3098019, and also recorded in said Bureau as Document No. 2004-077809, as the same may be amended.

(c) Condominium Map filed in said Office as Condominium Map No. 1620, and also recorded in said Bureau as Condominium Map No. 3751, as amended.

(d) The terms and provisions contained in Loft @ Waikiki Agreement for Issuance of Conditional Use Permit Under Section 21-5.380 of the Land Use Ordinance (LUO) dated July 6, 2004, recorded in said Office as Land Court Document No. 3136016, and also recorded in said Bureau as Document No. 2004-142557, by Urban Loft Development, LLC, a Hawaii limited liability company, as Declarant.

(e) The terms and provisions contained in Declaration of Restrictive Covenants (Private Park) dated February 9, 2005, recorded in said Office as Land Court Document No. 3265090, and also recorded in said Bureau as Document No. 2005-091423.

(f) Mortgage, Security Agreement and Financing Statement; and Fixture Filing dated January 30, 2006, in favor of Finance Factors, Limited, a Hawaii corporation, recorded in said Office as Land Court Document No. 3397862, and also recorded in said Bureau as Document No. 2006-039100.

(g) Assignment of Sales Contracts and Deposits dated January 30, 2006, in favor of Finance Factors, Limited, a Hawaii corporation, recorded in said Bureau as Document No. 2006-039101.

(h) Financing Statement in favor of Finance Factors, Limited, a Hawaii corporation, recorded in said Bureau on February 28, 2006, as Document No. 2006-039102.

(i) Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the Parcels.

(j) Real property taxes as may be due and owing. Check with the County Tax Assessor.

END OF EXHIBIT G

EXHIBIT H

Warranties

I. Article IV, Section D.1 of Addendum A to the Deposit Receipt and Sales Contract provides as follows:

1. Warranties or Promises.

(a) **GENERALLY; INSPECTION**. Seller makes no warranties itself but agrees that the Closing Date of the sale of the Property shall constitute the assignment by Seller to Buyer of any and all warranties given Seller by the general contractor for the Project (the "Contractor") and by any subcontractor or materialmen, including the Contractor's guarantee of materials and workmanship against faulty or deficient materials installed for a period of one (1) year after "substantial completion" of the Apartment, as defined in the construction contract for the Project, and the benefit of such warranties shall accrue to Buyer on closing without further instruments or documents. Seller is not adopting the contractor's warranty or acting as a co-warrantor, but is merely attempting to pass-through to Buyer the benefit of such contractor's warranty, if any. Seller agrees to cooperate with Buyer during the effective period of any such warranties in asserting any claims based on such warranties and shall comply with all applicable laws requiring notice of the expiration of such warranties. Buyer shall also have the direct benefit (but without warranty from Seller) of any assignable or transferable manufacturer's or dealer's warranties covering the furnishings and appliances in the Apartment. Buyer acknowledges that Seller has made no other warranties, express or implied, with respect to the Project, the Property or any common elements or anything thereon or therein. At Seller's option, an inspection program may be instituted and, if so, Buyer agrees to inspect the Property on a date and time specified by Seller and upon completion of such inspection, to sign an inspection sheet to be furnished by Seller which shall list all defects or damage to the Property, if any. Buyer agrees to accept possession of the Apartment despite the existence of such defects or damage regardless of extent, including, but not limited to, any defects in carpets, draperies, appliances and fixtures, which may be listed in said inspection sheet but which do not render the Apartment uninhabitable. Seller will cooperate with and assist Buyer in having listed defects or damage corrected or required within a reasonable time thereafter by the Contractor or other warrantor. Seller's agreement to cooperate shall survive the closing. If Buyer fails to inspect the Property on the agreed date, Buyer waives the right to any further inspection. The Seller, not being the manufacturer of the furnishings and appliances described above, nor the manufacturer's agent, disclaims any express or implied warranty of any kind whatsoever with respect to such furnishings and appliances, including the merchantability of such furnishings and appliances or their fitness for any particular purpose. However, the Buyer shall have the benefit of any existing manufacturer's or dealer's warranties covering such furnishings and appliances.

(b) **DISCLAIMER OF OTHER WARRANTIES**. BUYER ACKNOWLEDGES AND AGREES THAT THE LIMITED WARRANTIES DESCRIBED IN THE FOREGOING SECTION D.1(a) ARE THE ONLY WARRANTIES SELLER MAKES, AND THAT SELLER SHALL NOT BE OR BE DEEMED TO BE OBLIGATED OR LIABLE FOR ANY OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, THE FURNISHINGS, APPLIANCES AND FIXTURES IN THE APARTMENT, THE COMMON OR LIMITED COMMON ELEMENTS OF THE PROJECT, OR ANYTHING INSTALLED THEREIN.

2. Article IV, Sections D. 2 - 4 of Addendum A to the Deposit Receipt and Sales Contract provides as follows:

(a) **THE CONDOMINIUM MAP IS NOT A WARRANTY**. The Condominium Map for the Project is intended to show only the layout, location, apartment numbers and dimensions of the apartments in the Project. BUYER AGREES THAT THE CONDOMINIUM MAP IS NOT INTENDED TO BE AND IS NOT A WARRANTY OR PROMISE BY SELLER.

(b) **SELLER MAKES NO PROMISE OR WARRANTY ABOUT THE AMOUNT OF MONTHLY MAINTENANCE FEES**. Buyer has examined and approved the estimate of monthly maintenance fees and assessments for the Apartment prepared by the Project's Managing Agent. Seller makes no promise or warranty about the accuracy of those amounts. Buyer understands that those amounts are only estimates and may change for various reasons. Buyer accepts and approves any changes in such estimate made by Seller or the Managing Agent.

(c) **SELLER MAKES NO PROMISES ABOUT RENTALS OR OTHER ECONOMIC BENEFITS**. BUYER AGREES THAT NEITHER SELLER NOR ANY SALESPERSON OR OTHER PERSON AFFILIATED WITH OR IN ANY WAY RELATED TO SELLER HAS TALKED TO BUYER AT ALL ABOUT ANY RENTAL INCOME OR RENTAL OR SALES SERVICES FOR BUYER'S PROPERTY. IF BUYER WANTS TO RENT OR SELL THE PROPERTY, HOW BUYER DOES IT WILL BE UP TO BUYER. BUYER ALSO AGREES THAT NEITHER SELLER NOR ANY SALESPERSON OR OTHER PERSON AFFILIATED WITH OR IN ANY WAY RELATED TO SELLER HAS TALKED TO BUYER AT ALL ABOUT INCOME FROM THE PROPERTY OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE PURCHASE OR OWNERSHIP OF THE PROPERTY OR ABOUT THE TAX EFFECTS OF BUYING THE PROPERTY.

BUYER AGREES THAT SELLER MAY, AS A REQUIREMENT FOR CLOSING, REQUIRE BUYER, ANY SALESPERSON, OR ANYONE ELSE CONNECTED WITH THE OFFER TO SELL AND THE SALE OF THE PROPERTY, TO SIGN ADDITIONAL DOCUMENTS TO SATISFY SELLER THAT THE OFFER TO SELL AND THE SALE OF THE PROPERTY IS NOT IN VIOLATION OF ANY SECURITIES LAWS. BUYER AGREES THAT IF SELLER DETERMINES THAT THERE HAS BEEN A VIOLATION OF ANY SECURITIES LAWS, SELLER'S INJURY CAUSED BY SUCH VIOLATION WILL BE UNCERTAIN AS TO NATURE AND AMOUNT AND WILL BE DIFFICULT AND EXPENSIVE TO DETERMINE. BECAUSE OF THIS, BUYER AGREES THAT SELLER MAY OBTAIN AN INJUNCTION (IN OTHER WORDS, A COURT ORDER) FROM A COURT PROHIBITING ANY ACTS BY BUYER WHICH GIVE RISE TO SUCH VIOLATION. SELLER MAY ALSO TAKE ADVANTAGE OF ANY OF SELLER'S RIGHTS DESCRIBED IN SECTIONS G.2.(a), (b), (c) and/or (d). BELOW. ALL OF SELLER'S COSTS, INCLUDING REASONABLE ATTORNEYS' FEES, INCURRED BECAUSE OF BUYER'S ACTIONS IN VIOLATION OF ANY SECURITIES LAWS, WILL BE PAID BY BUYER.

BUYER ALSO AGREES THAT IF BUYER CLAIMS THAT THERE HAS BEEN ANY VIOLATION OF ANY FEDERAL OR STATE SECURITIES OR DISCLOSURE LAWS (INCLUDING THE CONDOMINIUM LAWS) CONNECTED WITH THE OFFER OR SALE OF THE PROPERTY, THE INJURY CAUSED BY SUCH VIOLATION WILL BE DIFFICULT AND EXPENSIVE TO DETERMINE. BECAUSE OF THIS, BUYER AGREES THAT BUYER'S ONLY REMEDIES WILL BE TO SUE FOR SPECIFIC PERFORMANCE OR TO SUE FOR A REFUND OF THE TOTAL PURCHASE PRICE AND CLOSING COSTS ACTUALLY PAID, PLUS INTEREST AT THE RATE OF TWELVE PERCENT (12%) PER YEAR FROM THE FINAL CLOSING DATE UNTIL THE DATE OF REPAYMENT. BUYER ALSO AGREES THAT IF BUYER SUES FOR A REFUND (A) THE REFUND WILL BE CONSIDERED AS LIQUIDATED DAMAGES AND NOT A PENALTY, AND (B) ANY ADDITIONAL AMOUNTS PAID BY BUYER FOR THE PROPERTY (SUCH AS LEASE RENTS, MAINTENANCE CHARGES AND OTHER COMMON EXPENSES (INCLUDING LIMITED COMMON EXPENSES), REAL PROPERTY TAXES, MORTGAGE LOAN FEES AND INTEREST, AND THE START-UP FEE) WILL BE PAID BY BUYER AS THE REASONABLE USE VALUE OF THE PROPERTY FROM THE FINAL CLOSING DATE UNTIL THE DATE OF REPAYMENT.

END OF EXHIBIT H

EXHIBIT I

Estimate of Initial Maintenance Fees

Estimate of Initial Maintenance Fees:

Apartment	PCI %	Monthly Fee	X 12 Months	= Yearly Total
301, 401, 409, 501, 509,	2.6892	$ 483.00		$ 5,796.00
302, 303, 304, 305, 306, 307, 308, 402, 403, 404, 405, 406, 407, 408, 502, 503, 504, 505, 506, 507, 508, 602, 603, 607, 608	2.6841	$ 482.09		$ 5,785.08
309	2.6882	$ 482.83		$ 5,793.96
601, 609	2.8174	$ 506.03		$ 6,072.36
604, 605, 606	3.7095	$ 666.26		$ 7,995.12

Apartment owners shall not be obligated for the payment of their respective shares of the common expenses until such time as the Developer files with the Real Estate Commission an amended abstract providing that, commencing upon a date certain stated in the amended abstract, each apartment owner shall become obligated to pay his respective share of the common expenses.

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

Estimate of Maintenance Fee Disbursements: For maintenance and service of the Common Elements only.

	Monthly Fee	X 12 Months	= Yearly Total
Utilities and Services			
Electricity	$ 700.00		$ 8,400.00
Refuse	$ 650.00		$ 7,800.00
Water/Sewer	$ 1,300.00		$ 15,600.00
Gas*	$ 900.00		$ 10,800.00
Telephone	$ 200.00		$ 2,400.00
Salaries			
Site Management	$ 2,800.00		$ 33,600.00
Medical Insurance	$ 350.00		$ 4,200.00
Other Employee Benefits & Payroll Taxes	$ 400.00		$ 4,800.00
Maintenance, Repairs and Supplies			
Building/Supplies/Repairs	$ 400.00		$ 4,800.00
Security Alarm Monitoring	$ 200.00		$ 2,400.00
Grounds Contract	$ 500.00		$ 6,000.00
Tree Trimming Contract	$ 75.00		$ 900.00
Pool Maintenance & Supplies	$ 300.00		$ 3,600.00
Elevator Contract & Maintenance	$ 600.00		$ 7,200.00
A/C Maintenance Contract	$ 600.00		$ 7,200.00
Fire Systems	$ 30.00		$ 360.00
Supplies/Equipment	$ 300.00		$ 3,600.00
Pest Control Contract	$ 50.00		$ 600.00
Window Washing	$ 100.00		$ 1,200.00
Management			
Audit/Tax Fees	$ 70.00		$ 840.00
Legal Fees	$ 25.00		$ 300.00
Management Fee	$ 1,257.00		$ 15,084.00
Admin. Services/Supplies	$ 50.00		$ 600.00
Payroll Preparation	$ 140.00		$ 1,680.00
GET	$ 5.00		$ 60.00
Insurance			
Property/Fire and Hurricane & Liability**	$ 1,865.00		$ 22,380 .00
Umbrella	$ 121.00		$ 1,452.00
Flood	$ 830.00		$ 9,960.00
Directors & Officers Liability	$ 105.00		$ 1,260.00
Bond	$ 38.00		$ 456.00
Other			
Reserve Contributions	$ 3,000.00		$ 36,000.00
TOTAL	$ 17,961.00		$ 215,532.00

* Gas includes each apartment's usage.
** Insurance package includes property, general liability, and boiler and machinery coverage.

I, Richard Emery, as agent and employed by Hawaii First, Inc., the condominium managing agent for Loft @ Waikiki, Honolulu condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Dated: July 17, 2007

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

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

EXPLANATION REGARDING RESERVES

The Developer's management contract with Hawaii First, Inc., the Managing Agent, requires the agent to prepare a certified professional Reserve Study for the first full fiscal year that follows the association's first year after the annual meeting as a part of the annual budget.

EXHIBIT J

Summary of Sales Contract

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

1. Developer ("Seller"), in its sole discretion, and in addition to any other rights of cancellation or termination reserved to Seller, may elect to cancel the Contract if Buyer defaults under the Contract. Buyer may lose all of its deposits with Escrow and Seller. Seller may, at its option, pursue other legal remedies. If Seller defaults under the Contract, Buyer shall be entitled to specific performance of the Contract, or shall have the right to cancel and terminate the Contract.

2. The projected closing dates are as described in the Contract.

3. Buyer is required to prepay maintenance fees, Additional Sums, Closing Costs and Prorations as more particularly described in the Contract.

4. The Contract confirms that Buyer has had the opportunity to read and approve the Project documents, including the Declaration, the Bylaws, the Condominium Map, the House Rules, the form of Apartment Deed, the Escrow Agreement, this Public Report and all amendments and supplements to all such documents. The Contract also provides that the rights of any of Seller's construction lenders with a security interest the Project will be superior to the rights of Buyer under the Contract.

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

6. If Buyer cancels the Contract because of Seller's default, Seller will repay to Buyer all sums paid by Buyer to the Seller or to Escrow under the Contract, without interest (except that Buyer will get interest on sums held by Escrow in an interest-bearing account in favor of Buyer, if Buyer checked the appropriate box on the first page of the Contract). Buyer agrees that if Seller defaults at any time, Buyer will only have the rights mentioned in the Contract and that Buyer waives any other rights Buyer might otherwise have.

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

8. The Contract prohibits Buyer from assigning the Contract.

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

WAY, THE PROVISION OF THE CONTRACT SHALL OVERRIDE THE PROVISIONS OF THIS SUMMARY.

END OF EXHIBIT J

EXHIBIT K

Summary of Escrow Agreement

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

1. Developer ("Seller") shall deliver an executed copy of each sales contract for the sale of a residential apartment to Escrow. Each sales contract shall be accompanied by the initial deposit required thereunder.

2. Seller shall pay Escrow monies received from purchasers under sales contracts covering apartments in the Project. Escrow shall receive and hold in escrow and disburse funds as set forth in detail in the Escrow Agreement. Escrow shall deposit all funds so received in an account at a federally-insured interest-bearing account at a bank, savings and loan association, or trust company authorized to do business in the State. Except for specific circumstances stated in the Escrow Agreement, any interest earned on funds deposited in escrow under the Escrow Agreement shall accrue to the credit of Seller.

3. No disbursements of funds held in escrow shall be made unless and until, among other conditions, (a) an effective date for a Final Public Report has been issued; (b)(i) the purchaser has been given a copy of said Final Public Report and shall have acknowledged receipt of the same or shall have been deemed to have acknowledged receipt of the same; or (ii) the purchaser has been given a copy of a Contingent Final Public Report and shall have acknowledged receipt of the same or shall have been deemed to have acknowledge receipt of the same and has received a disclosure statement describing information contained in the Final Public Report not contained in the Contingent Final Public Report; and (c) Seller or Seller's attorney shall have delivered a written opinion to Escrow that the purchaser's sales contract has become effective.

4. After the issuance of a Final Public Report but prior to completion of construction of the buildings, Escrow shall, if requested in writing by Seller, make disbursements from the funds held in escrow to pay for construction costs of the building and other improvements and fixtures and for architectural, engineering, finance and legal fees. The balance of the funds held in escrow shall be disbursed in accordance with the directions of the Seller or Seller's Mortgagee only upon completion of the buildings.

5. A purchaser shall be entitled to a return of funds and Escrow shall pay such funds to such purchaser, together with any interest that may have accrued to the credit of purchaser, if any one of the following has occurred: (a) Seller and the purchaser shall have together requested Escrow in writing to return to the purchaser the funds of the purchaser held hereunder by Escrow; or (b) Seller shall have notified Escrow of Seller's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Seller; or (c) the purchaser has exercised such purchaser's right to cancel or rescind the contract pursuant to the Condominium Act; or (d) the purchaser entered into the sales contract pursuant to a Contingent Final Public Report and an effective date for a Final Public Report has not been issued by the date the Contingent Final Public Report expires.

In the event of a default by the purchaser in any matter being handled by Escrow, upon certification by the Seller of Seller's termination of the sales contract, Escrow will thereafter treat all funds of the purchaser paid on account of such purchaser's sales contract as funds of Seller and not as funds of the purchaser.

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

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

END OF EXHIBIT K