

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer CYCLE CITY, LTD., a Hawaii corporation
Address 600 Puuloa Road, Honolulu, Hawaii 96819

Project Name(*): CYCLE CITY CENTER
Address: 600 Puuloa Road and 2904 and 2908 Kamehameha Hwy., Honolulu, Hawaii 96819

Registration No. 5650 Effective date: May 17, 2005
(Partial Conversion) Expiration date: June 17, 2006

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

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

SUPPLEMENTARY: (pink) This report updates information contained in the:
[] Preliminary Public Report dated:
[] Final Public Report dated:
[] Supplementary Public Report dated:

And [] Supersedes all prior public reports.
[] Must be read together with
[] This report reactivates the public report(s) which expired on

(*) Exactly as named in the Declaration

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-30 286/986/189/1190/892/0197/1098/0800/0104

G:\CPR\CLIENT\Cycle City CPR\Public Report3.wpd

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report
as Exhibit "G"

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:

SPECIAL ATTENTION

The Developer has disclosed the following:

- (a) This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and does not represent a legally subdivided lot. The dotted lines in the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustration purposes only and should not be construed to be formal subdivision lines.
- (b) Facilities and improvements normally associated with county approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc., may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.
- (c) No warranties are given to the purchaser as to the construction, materials or workmanship of the Project. The Project is being sold in "as is" condition (pages 12 and 15).

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

PROSPECTIVE PURCHASERS ARE CAUTIONED TO CAREFULLY REVIEW ALL DOCUMENTS REGARDING THIS CONDOMINIUM PROJECT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: CYCLE CITY, LTD., a Hawaii corporation Phone: (808) 831-2600
Name* (Business)
600 Puuloa Road
Business Address
Honolulu, HI 96819

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):
Joseph P. Nicolai - President; John D. Winslett - Vice President; Gerald K. Harbottle - Treasurer

Real Estate Broker*: None selected, see page 20 Phone: _____
Name (Business)
Business Address

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

General Contractor*: N/A Phone: _____
Name (Business)
Business Address

Condominium Managing Agent*: Self-Managed by the Association Phone: _____
Name of Apartment Owners (Business)
Business Address

Attorney for Developer: Jeffrey S. Grad, Esq. Phone: (808) 521-4757
Name (Business)
841 Bishop St., Ste. 1800
Business Address
Honolulu, HI 96813

* 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:

<input type="checkbox"/> Proposed			
<input checked="" type="checkbox"/> Recorded -	Bureau of Conveyances:	Document No.	<u>2003-262910</u>
		Book	_____ Page _____
<input checked="" type="checkbox"/> Filed -	Land Court:	Document No.	<u>3034428</u>

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

1. Amendment to Declaration of Condominium Property Regime dated November 26, 2004, filed as Land Court Document No. 3210434 and recorded as Document No. 2004-260345.

- 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:

<input type="checkbox"/> Proposed			
<input checked="" type="checkbox"/> Recorded -	Bureau of Conveyances	Condo Map No.	<u>3675</u>
<input checked="" type="checkbox"/> Filed -	Land Court	Condo Map No.	<u>1591</u>

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

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

The Bylaws for this condominium are:

<input type="checkbox"/> Proposed			
<input checked="" type="checkbox"/> Recorded -	Bureau of Conveyances:	Document No.	<u>2003-262911</u>
		Book	_____ Page _____
<input checked="" type="checkbox"/> Filed -	Land Court:	Document No.	<u>3034429</u>

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

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

The House Rules for this condominium are:

Proposed 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>100%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>n/a</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 attached Exhibit "A"

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

(see page 20)

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 (NA) 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: VARIES Rent Renegotiation Date(s): VARIES
(Each lease will vary as to terms.)

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit (NA) 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: 600 Puuloa Road and 2904 and 2908 Kam Hwy. Tax Map Key (TMK): (1) 1-1-010: Parcels 009 & 025
Honolulu, Hawaii 96819

Address TMK is expected to change because practice is to assign numbers to each apartment unit

Land Area: 108.604 square feet acre(s) Zoning: B-2

Fee Owner: CYCLE CITY, LTD., a Hawaii corporation
 Name*
600 Puuloa Road
 Business Address
Honolulu, HI 96819

Lessor: see above
 Name

 Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 3 Floors Per Building Units A and W: 1; Unit CC: 3

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other: Unit W and Unit A are wood framed; the building constituting Unit CC is a steel frame building. Each Unit also includes glass and allied materials. Unit W and Unit CC utilize metallic and tile siding and have stucco exteriors. The roof of Unit A is covered with asphaltic shingle; while the roof of Unit CC and the roof of Unit W are covered with metallic and elastomeric roofing materials. Unit W's roof is a single ply membrane.

4. Uses Permitted by Zoning:

	No. of Apts.	<u>Use Permitted By Zoning</u>	
<input type="checkbox"/> Residential	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Commercial	<u>2</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Other-church	<u>1</u>	<input checked="" 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: _____

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: Unit CC: 1 Stairways: _____ Trash Chutes: -0-

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>Unit A</u>	<u>1</u>	<u>3/5</u>	<u>15,510</u>	_____	_____
<u>Unit W</u>	<u>1</u>	<u>0/2</u>	_____	<u>2,997</u>	<u>floor area</u>
<u>Unit CC</u>	<u>1</u>	<u>0/5</u>	_____	<u>46,309</u>	<u>floor area</u>

Total Number of Apartments: 3

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

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

Boundaries of Each Apartment:

The outside surfaces of the exterior walls and roof and the bottom surfaces of the footings and foundations of each Unit.

Permitted Alterations to Apartments:

See attached Exhibit "B"

7. Parking Stalls:

Total Parking Stalls:	<u>144</u>						
	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>TOTAL</u>
Assigned (for Unit CC)	<u>59</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>59</u>
Guest	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unassigned	<u> </u>	<u>85</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>85</u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other: _____	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open:	<u>144</u>	<u> </u>	<u>-0-</u>	<u> </u>	<u>-0-</u>	<u> </u>	<u>144</u>

Each apartment will have the exclusive use of at least one 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.
- Exhibit _____ 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: _____

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):

Not applicable - as there are no residential apartments in the Project.

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:

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> X </u>	<u> </u>	<u> </u>
Structures	<u> </u>	<u> X* </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </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.

*The structure of Unit A (the Church) is located within the minimum front yard setback, and should the structure be destroyed to the extent of more than 50% of its value, the structure, if rebuilt, would have to be located without encroaching into the required setback.

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 C .

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 D .

as follows:

NOTE: Reference to said Exhibit "D" to "Unit" does not mean legally subdivided lots.

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 _____.

as follows:

Unit A	-	1/3
Unit W	-	1/3
Unit CC	-	1/3

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

Exhibit E describes the encumbrances against the title contained in the title report dated November 9, 2004 and issued by Title Guaranty of Hawaii, Inc. .

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgages	Buyer's interest may be terminated by mortgagee but Buyer shall be entitled to return of its deposit, less escrow cancellation fee.

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:

Developer is giving no warranties to Purchaser on the materials and workmanship of the Units, except to the extent there are unexpired warranties from contractors, such will be assigned to the Unit owners.

2. Appliances:

N/A

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

Unit A was constructed more than 25 years ago, and has been improved from time to time. Units W and CC were completed in 2003 and 2004 respectively.

H. **Project Phases:**

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

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

Developer expects to obtain a remnant parcel of approximately 15,055 square feet of land from the City and County. In connection therewith, Developer has reserved the right to amend the Declaration and Condominium Map to add the remnant to the Project Land, with such remnant to become an additional common area.

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 _____ contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated November 17, 2004

Exhibit F 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 _____

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 514A, HRS) and the Administrative Rules (Chapter 107), are available on line. 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.gov/dcca/har

This Public Report is a part of Registration No. 5650 filed with the Real Estate Commission on November 19, 2004.

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

YELLOW paper stock

WHITE paper stock

PINK paper stock

C. Additional Information Not Covered Above

LEAD WARNING STATEMENT

Pursuant to federal law, 42, U.S.C 4852(d), the Residential Lead-Based Paint Reduction Act, "Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase."

HAZARDOUS MATERIALS

The Developer neither prepared nor commissioned a Phase 1 Environmental Site Assessment and makes no representations or warranties whatsoever. The developer has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. Buyer acknowledges that in light of the age of the Project, there may be asbestos and other hazardous substances in the apartments, or in, under or around the Project. Because of the possible presence of such substances, Buyer should have the apartment inspected to determine the extent (if any) of such contamination and any necessary remedial action. The developer will not correct any defects in the apartments or in the Project or anything installed or contained therein and Buyer expressly releases the developer from any liability to Buyer if any hazardous materials are discovered.

DISCLOSURE REGARDING SELECTION OF REAL ESTATE BROKER:

The Developer has not selected a real estate broker for the sale of any unit in the Project at this time.

When the Developer offers any unit for sale, the Developer shall (1) submit to the Real Estate Commission, a duly executed copy of a broker listing agreement with a Hawaii-licensed real estate broker, together with a duly executed Disclosure Abstract identifying the designated broker, and (2) provide a copy of the Disclosure Abstract to the purchaser together with a copy of this Public Report.

SALE AND LEASING APARTMENTS

Notwithstanding that this Public Report would permit the Developer to offer to sell apartment units in the Project, the Developer's principal purpose for obtaining this Public Report is to enter into long-term leases of two of the condominium units (Unit W and Unit A) and to enable each of the lessees to obtain title insurance and separate leasehold mortgage financing. Any lease of a Unit apartment may be made on terms and conditions as Developer and the prospective lessee may agree.

CONDITIONAL USE PERMIT

Title to the Project is subject to a conditional use permit ("CUP") issued by the City and County of Honolulu to the then-owners of the separate lots on which the Project was developed. The effect of the CUP is to allow the two owners (previously affiliates, but now identical) to disregard the existing lot lines of the separate lots and treat the lots as having been consolidated. This enables the Project to be developed as a single 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 (SHL 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.

CYCLE CITY, LTD., a Hawaii corporation

 Printed Name of Developer

By:  _____ Date 11-3-04

Duly Authorized Signatory* Date

Joseph P. Nicolai, President

 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"

DEVELOPER'S RESERVED RIGHTS

The Developer (Declarant) has reserved the rights to change the Declaration and the Condominium Map in several important manners, including the granting of utility easements, the removal of the Project as a condominium regime, the resubdivision of the land on which the Project is located, and the removal of portion of the land or one of the Units from the condominium regime. The pertinent provisions in the Declaration are as follows:

Paragraph 8.5 of the Declaration states: "Declarant reserves the right to grant to any public or governmental authority rights-of-way and other easements or to obtain easements or access rights onto public ways, which are for the sole benefit of the Project or which do not materially interfere with the use nor materially impair the value of, any Unit, over, across, under and through the Common Elements and limited common elements for lines and other transmission facilities and appurtenances for electricity, gas, telephone, water, sewer, drainage and other public services and utilities, and rights to enter for the purpose of installing, repairing, altering and removing such lines and facilities and of trimming any trees in the way thereof; provided the Association, through the Board, with the consent or agreement of any holder of any then existing easement affected thereby, is authorized to grant, convey, transfer, cancel, relocate and otherwise deal with any and all such public services and utilities easements now or hereafter located on or affecting the Project when Declarant no longer owns a Unit in the Project."

Paragraph 8.6 of the Declaration states: "Reserved Rights of Declarant to Resubdivide the Land. Declarant reserves the right without the joinder of any other Unit Owner or any other person at any time and from time to time to cause to consolidate the various legal lots constituting the Land and to resubdivide the Land; provided that thereafter the rights of a Unit Owner in his Unit and the Exclusive Area appurtenant to such Unit shall not have been materially changed from the rights of the Unit Owner prior to such resubdivision.

By way of illustration and not limitation, such consolidation and resubdivision may occur in connection with Declarant seeking access onto Kamehameha Highway.

Any such right to resubdivide may include the right to create appurtenant rights in favor of the owners of the resubdivided land to use the Common Elements of the Project." and

Paragraph 8.7 of the Declaration states: "Reserved Rights of Declarant to Remove Project from Chapter 514A, HRS or to Remove Portions of the Land(or a Unit) from the Project.

(a) Declarant reserves the right without the joinder of any other Unit Owner or any other person at any time and from time to time (i) to remove the Project from being subject to the Act in accordance with Section 514A-21 of the Act or (ii) if the Land shall have been resubdivided as permitted in Paragraph 8.6 above, to remove portions of the Land or to remove the Unit to which such Land is appurtenant as an Exclusive Area from being included within the Project; provided that in either event, that after Declarant would have exercised any such reserved right, the rights of a Unit Owner (or remaining Unit Owner, if a Unit is removed from the Project) in his Unit and the Exclusive Area appurtenant to such Unit shall not have been materially changed from the rights of the Unit Owner prior to the exercise of the Declarant's reserved right.

(b) If Declarant decides that a portion of the Land or the Unit to which such Land is appurtenant as an Exclusive Area shall be removed from the Project, then Declarant shall execute and record in the Recording Office (without the necessity of the consent or joinder of the Association, the Board, any other Unit Owner or any other person) an amendment to the Declaration and the Condominium Map (and shall deliver concurrently to the Board true and correct recorded copies thereof) which amendment shall contain the following:

(i) a description of the Land, if any, remaining subject to the Condominium Property Regime; and

(ii) a drawing which shall accurately depict the Land, if any, remaining subject to the Condominium Property Regime, and

(iii) any additional common and limited common elements and easements which shall thereafter be appurtenant to the Units in the Project still remaining, any revisions to the common interest effective upon such subdivision and removal in accordance with Section 7 of the Declaration and such other matters necessary or desirable to effect any such alteration in the Project;

(c) In the event the Project or portion of the Land or the Unit to which such Land is appurtenant as an Exclusive Area is to be removed from the provisions of the Act or from the Project, as applicable, then, Declarant on

behalf of each of the Unit Owners shall execute an instrument to that effect, which shall be duly recorded in the Recording Office; provided, however, that the holders of all liens affecting any of the Units consent thereto, by instrument also duly recorded;

(d) If (i) the Project is removed from the Act; (ii) a portion of the Land is removed from the Project but the Unit to which it is appurtenant is not removed from the Act; or (iii) a portion of the Land together the Unit to which it is appurtenant is removed from the Project and the Act, the following shall apply:

(i) in the case of removal of all of Land from the Project and removal of the Project from under the Act, all of the Unit Owners shall convey to each of the Unit Owners ("grantee") that portion of the Land (together with all improvements thereon and together with rights to use what had been the Common Elements within the Project), that had constituted the Exclusive Area appurtenant to such grantee's Unit; and

(ii) in the case of removal of a portion of the Land from the Project, the Owners of those Units remaining in the Project shall convey to the Owner of the Unit to which such land is appurtenant all rights they may have to the portion of the Land being removed; and

(iii) in the case of removal of one Unit from the Project, (aa) the Owner of any Unit which may be removed shall convey to the Owners of the remaining Units all rights he may have to the Land less the area being removed from the Project; and (bb) the Owners of the remaining Units shall convey to the Owner of any Unit which may be removed all rights they may have in such Unit being removed, including that portion of the Land which is appurtenant to the Unit being removed."

End of EXHIBIT "A"

EXHIBIT "B"

PERMITTED ALTERATIONS TO APARTMENTS.

The following Paragraphs of the Declaration state:

"20.1 Changes to Units. Notwithstanding anything to the contrary contained in this Declaration, each Unit Owner shall have the right at its sole option at any time and from time to time without the consent of anyone other than the holders of all mortgage liens affecting its Unit, to improve, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in its Unit or portions thereof or to make additional improvements upon the Exclusive Area appurtenant to the Unit (the foregoing are referred to collectively as "Changes" and singly, as a "Change") subject to the following conditions:

(a) All building plans for any Change shall be prepared by a licensed architect or professional engineer if required under law, and any Change shall conform with City and County building and zoning laws and other applicable City and County ordinances and State laws and requirements.

(b) Any Change to a Unit must be made within the Exclusive Area which is appurtenant to the Unit and if such Unit is subject to an outstanding lease, then such Change shall conform to the terms of such Lease unless the lessor and lessee under such lease shall otherwise agree.

(c) No Change to a Unit will be made if the effect of such Change would be to exceed the Unit's "proportionate" share of the allowable floor area, Lot area coverage for the Land or other development rights permitted on the Land under the LUO in effect when the Change is to be made. The "proportionate share" for each Unit shall be the same as its common interest set forth in Paragraph 7 of the Declaration.

(d) Any such Change shall be at the expense of the Unit Owner making the Change and shall be expeditiously made and in a manner that will not unreasonably interfere with other Unit Owner's use or enjoyment of its Unit, the Common Elements or the Unit's appurtenant limited common elements.

(e) During the entire course of such construction, the Unit Owner making such Change will cause to be maintained at its expense builder's all-risk insurance in an amount not less than the estimated cost of construction. At the request of the Association, the Association shall be named as an additional insured and evidence of such insurance shall be deposited with the Association.

(f) The Unit Owner making the Change shall have the right to utilize, relocate and realign existing and/or to develop additional, central and appurtenant installations for services to the Unit affected by such Change for electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the Common Elements as necessary or desirable in connection therewith; provided that the same shall not cause any substantial interruption in the services of such utilities to any other Unit Owner and shall not otherwise unreasonably interfere with other Unit Owner's use or enjoyment of its Unit, the Common Elements or the Unit's appurtenant limited common elements.

(g) If the consent or joinder of another Unit Owner to any Change, including obtaining building permits is required by the Act, then each Unit Owner hereby consents in advance to give such consent or join any such application for such Change, provided that all such expenses relating to the change shall be borne by the Owner making the Change.

(h) Each and every conveyance, lease and mortgage or other lien made or created on any Unit, all common interests and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a Exclusive Area shall reserve to all Owners the rights set forth in this paragraph.

20.2 Changes in Boundaries of Exclusive Areas. The Owners of Units to which are appurtenant contiguous Exclusive Areas may from time to time change the boundaries between such Exclusive Areas and may re-allocate portions of such Exclusive Areas between or among the Units upon the following terms and conditions:

(a) The Unit Owners who are changing the boundaries of the Exclusive Areas shall execute and record in the Recording Office (without the necessity of the consent or joinder of the Declarant, the Association, the Board, any other Unit Owner or any other person), and promptly deliver to the Board of Directors a true and correct filed copy of an amendment to this Declaration and the Condominium Map which contains the following:

- and
- (i) a description of the resulting Exclusive Area appurtenant to each of the Units;
 - (ii) a drawing which shall amend the Condominium Map to accurately depict the resulting Exclusive Areas.

20.3 Changes to Other Than Units. Except as to changes allowed in Paragraphs 8.6, 8.7, 20.1 or 20.2, changes to the Project different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association of Unit Owners only pursuant to an amendment of this Declaration, duly executed by or pursuant to vote of all the Unit Owners and accompanied by the written consent of the holders of all liens affecting any of the Units, and in accordance with complete plans and specifications therefor first approved in writing by the Board, and promptly upon completion of such restoration, replacement or construction, the Association shall duly file such amendment in said Office, together with a complete set of the floor plans of the Project as so altered, certified as built by a registered architect or professional engineer."

End of EXHIBIT "B"

EXHIBIT "C"

COMMON ELEMENTS. Paragraph 5 of the Declaration designates certain portions of the Project as "common elements", including specifically but not limited to:

One freehold estate is hereby designated in all of the remaining portions of the Project, herein called the "Common Elements," including specifically, but not limited to:

- (1) The Land in fee simple;
- (2) The portion of the Land designated on the Condominium Map as "Common Element, 28,729 Sq. Ft. or 0.660Ac." and the paths and pathways shown on the Condominium Map which are to provide access between each Unit and the public roads;
- (3) All ducts, vents, shafts, sewer lines, sewage treatment equipment and facilities (if any), electrical equipment, telephone equipment, pipes, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one Unit for services such as power, light, water, gas (if any), cablevision (if any), sewer, refuse, telephone, and radio and television signal distribution;
- (4) All fences, markers and walls indicating the perimeter boundaries of the Land, provided that except where any such fence, marker or wall is located on the boundary between exclusive areas, such fence, marker or wall shall be deemed to be a limited common element appurtenant to the Unit or each of the Units to which the Exclusive Area as defined in Section 6 below is appurtenant;
- (5) Parking stalls other than (i) those located on the lower floor of Unit CC, or (ii) those which are indicated on the Condominium Map as being for the exclusive use by fewer than all of the Units;
- (6) Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety, or normally in common use.

EXHIBIT "D"

LIMITED COMMON ELEMENTS. Paragraph 6 of the Declaration designates:

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

(1) Any entrance, exit, gateway, entry, patio, yard, driveway or steps which would normally be used only for the purposes of ingress to and egress from a Unit shall be a limited common element appurtenant to and reserved for the exclusive use of such Unit.

(2) That portion of the Land designated as an "Exclusive Area" (together with the airspace above such Land area), as shown on the Condominium Map is for the exclusive use of the Unit having the same letter designation as such Exclusive Area.

(3) That portion of the Land designated for parking stalls for a certain Unit as shown on the Condominium Map is for the exclusive use of the Unit designated on the Condominium Map as having the use of such parking stall(s) (subject to the right of Declarant to re-allocate such parking stalls pursuant to Paragraph 3.4 of this Declaration).

(4) Any other common element of the Project which is rationally related to fewer than all the Units shall be deemed a limited common element appurtenant to and for the exclusive use of such Unit(s) to which it is rationally related.

Note: The "Units" herein described are not legally subdivided lots.

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

1. For Real Property Taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. -AS TO PARCEL FIRST ONLY:-
 - (A) Designation of Easement "A" (10 feet wide) for sewer purposes, as shown on Map 1 and as set forth by Land Court Order No. 13189, filed September 29, 1954.
 - (B) Grant of Easement over said Easement "A" to United States of America dated August 20, 1953, filed as Land Court Document No. 152102.
 - (C) Designation of Easement "B" (5 feet wide) for sewer purposes in favor of Lot 2-A, as shown on Map 1 and as set forth by Land Court Order No. 13189, filed September 29, 1954.
 - (D) Easement "B" (5 feet wide) for sewer purposes in favor of Lot 2-A, as shown on Map 1 and as set forth by Land Court Order No. 13189, filed September 29, 1954.
4. -AS TO PARCEL SECOND ONLY:-
 - (A) Designation of Easement "C" for roadway purposes as shown on Map 1 and as set forth by Land Court Order No. 13189, filed September 29, 1954.
 - (B) Easement "C" for roadway purposes, in favor of Lot 1-A, as set forth by Land Court Order No. 13189, filed September 29, 1954.
5. -AS TO PARCELS FIRST AND SECOND ONLY:-
 - (A) The terms and provisions, including the failure to comply with any covenants, conditions and reservations contained in Agreement dated November 6, 1943, filed as Land Court Document No. 70378 re Access Rights.
 - (B) Restriction of access rights affecting Lots 1-A and 2-A in that no access will be permitted across the common boundary between Lot 1-A and Kamehameha Highway, as set forth by Land Court Order No. 58352, filed November 21, 1980, and as shown on Map 2 of Land Consolidation No. 56.
 - (C) Abutter's rights of vehicle access appurtenant to Lot 2-A as conveyed to the State of Hawaii by Deed dated June 26, 1980, filed as Land Court Document No. 1042743.
6. -AS TO PARCEL THIRD ONLY:-
 - (A) Reservation to the Territory of Hawaii, now State of Hawaii, of all rights of vehicle access appurtenant to said parcel, over and across course 1 into and from Kamehameha Highway and over and across course 3 into and from Puuloa Road.
 - (B) An easement 10 feet wide for sanitary sewer in favor of the United State of America, the centerline of said easement being described as follows:

Beginning at the south end of this centerline, the north end of the centerline of Easement "B" as shown on Map 2, of Land Court Application No. 1521 and on the southeast

boundary of said Parcel 5-B-2, the true azimuth and distance to the initial point of the hereinabove described Parcel 5-B-2, being 61° 54' 22" 159.72 feet, thence running by azimuths measured clockwise from true South:

1. 189° 04' 40.97 feet to the northwest boundary of the above described Parcel 5-B-2 and containing an area of 410 square feet, more or less.

(C) No vehicle access permitted into and from Puuloa Road, as shown on the map prepared by Kenneth J. Toshi, Registered Professional Land Surveyor of M & E Pacific, Inc., dated December 12, 1977.

7. Any recorded and unrecorded leases and matters arising from or affecting the same.

8. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.

9. Mortgage dated February 12, 2001, filed as Land Court Document No. 2683812 and in said Bureau as Document No. 2001-022336.

10. Absolute assignment of rentals and Lessor's interest in lease dated February 12, 2001, filed as Land Court Document No. 2683813, recorded as Document No. 2001-022337, by and between WHOLESale MOTORS, INC., a Hawaii corporation, and CYCLE CITY, LTD., a Hawaii corporation, "Assignor", and FIRST HAWAIIAN BANK, a Hawaii corporation, "Assignee", assigning all of the Assignor's right, title and interest in and to any and all leases and subleases and rental agreements demising all or any portion of the premises described herein, to secure the repayment of that certain loan in the amount of \$3,887,225.00.

11. Financing statement recorded on February 16, 2001 and recorded as Document No. 2001-022338.

12. Agreement for Issuance of Conditional Use Permit under section 21-5.380 of the Land Use Ordinance (LUO) dated March 3, 2003, filed as Land Court Document No. 2905701 and recorded in said Bureau as Document No. 2003-052363.

13. Declaration of Condominium Property Regime dated November 6, 2003, filed as Land Court Document No. 3034428 and recorded in said Bureau as Document No. 2003-262910 (Project covered by Condominium File Plan No. 3675 and Condominium Map No. 1591). By-Laws dated November 6, 2003, filed as Land Court Document No. 3034429 and recorded in said Bureau as Document No. 2003-262911.

14. Second Mortgage and Financing Statement dated February 20, 2004, filed as Land Court Document No. 3072572 and recorded in said Bureau as Document No. 2004-03435.

15. Absolute assignment of rentals and Lessor's interest in leases dated February 20, 2004, recorded as Document No. 2004-035436, by and between WHOLESale MOTORS, INC., a Hawaii corporation, and CYCLE CITY, LTD., a Hawaii corporation, "Assignor", and FIRST HAWAIIAN BANK, a Hawaii corporation, "Assignee", assigning all right title and interest of the Assignor in and to any and all leases etc., to assure the repayment of a certain loan in the principal sum of \$5,000,000.

16. Financing Statement recorded on February 20, 2004 and recorded as Document No. 2004-035437.

End of EXHIBIT "E"

EXHIBIT "F"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and Title Guaranty Escrow Services., Inc..

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase an Apartment shall be turned over to the Escrow Agent.

2. Refunds. A Buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer, without interest, in accordance with the Sales Contract if any of the following has occurred:

(a) Developer and the purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held hereunder by Escrow; or

(b) Developer shall have notified Escrow of 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 Developer; or

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has exercised his right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

(d) A purchaser has exercised his right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

Upon such refund, Escrow Agent shall be entitled to a reasonable fee not less than \$25 or a fee commensurate with the work done by Escrow prior to cancellation.

3. Requirements Prior to Disbursement of Buyer's Funds. Escrow Agent shall make no disbursements of Buyer's funds, pursuant to paragraph 5 of the Escrow Agreement until all of the following have occurred:

(a) the Real Estate Commission has issued a final public report (the "Final Report") on the Project;

(b) Seller or Seller's attorney has given a written opinion to Escrow stating that all of the requirements of Sections 514A-39.5 (as to contingent final public reports), 514A-40 (as to final public reports) and 514A-63 of the Hawaii Revised Statutes, then applicable to the Project, have been satisfied.

(c) Seller shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract.

4. Purchaser's Default. Seller must notify Escrow in writing if Purchaser defaults, and must certify that Seller has canceled the Purchaser's Sales Contract. After such cancellation Escrow will treat the Purchaser's funds less Escrow's cancellation fees as belonging to the Seller.

EXHIBIT "G"

DISCLOSURE ABSTRACT

1. (a) PROJECT: CYCLE CITY CENTER
600 Puuloa Road
Honolulu, Hawaii 96819
 - (b) DEVELOPER: CYCLE CITY, LTD., a Hawaii corporation
600 Puuloa Road
Honolulu, Hawaii 96819

Telephone:
 - (c) MANAGING AGENT: Self-Managed by the Association
of Apartment Owners
2. Breakdown of annual maintenance fees and monthly estimate costs for each unit are more fully described on Exhibit "1" attached hereto (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).

Note: Developers disclose that no reserve study was done in accordance with Chapter 514A-83.6, HRS, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

3. DESCRIPTION OF ALL WARRANTIES COVERING THE DWELLINGS AND COMMON ELEMENTS:

The Developer is not giving any warranty on the materials and workmanship of the Units.

4. USE OF UNITS. A Unit shall be occupied and used for commercial purposes or for any other purpose permitted by the zoning ordinance for the City and County of Honolulu then in effect. By way of illustration and not limitation, Unit A may be used as a church, Unit CC may be used for a motorcycle dealership, and Unit W may be used for a restaurant (with a drive-thru window.)
5. EXISTING STRUCTURES BEING CONVERTED. Based upon a report prepared by Michael D. Lau, Registered Professional Architect, the Developer states:
 - a. Subject to normal wear and tear commensurate with its age, Unit A (the Church) appears to be in relatively good structural condition consistent with its age.
 - b. Subject also to normal wear and tear, the electrical and plumbing systems are operable and in good working order consistent with its age.
 - c. The Developer makes no statement with respect to the expected useful life of each item set forth in paragraph (a); and
 - d. There are no outstanding notices of uncured violations of building code or other municipal regulations.

EXHIBIT "1"
ESTIMATED OPERATING EXPENSES
For Period January 1, 2005 to December 31, 2005
As Prepared by Developer

Estimated Annual Expenses

Ground Maintenance	\$6,000
Water/Sewer	\$4,000
Electricity:	\$5,000
**Fire/Liability Insurance:	\$17,000
Pest Control:	\$1,000
Management Fee:	\$5,000
Miscellaneous:	\$-0-
TOTAL ANNUAL EXPENSES	\$38,000

Estimated Monthly Expenses

\$3,167

Estimated Monthly Maintenance Fee
for Each Apartment:

\$1,056

Note:

- ** Section 514A-86, Hawaii Revised Statutes, requires the Association of Apartment Owners to purchase fire insurance to cover the improvements of the Project, and that premiums be common expenses. Developer anticipates that the Association may elect to permit individual apartment owners to obtain and maintain separate policies of fire insurance and name the Association as an additional insured. In such case, fire insurance premiums will be the responsibility of individual apartment owners and not common expenses. Amount shown here is for liability insurance which will be a blanket policy.

The Developer certifies that the maintenance fees and costs as estimated by the Developer is based on generally accepted accounting principles.

CYCLE CITY, LTD.

By 
Joseph P. Nicolai
Its President

"Developer"