

**DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM**

CONDOMINIUM PROJECT NAME	1735 Marques Street
Project Address	1735 & 1735A Marques Street, Honolulu, Hawaii 96822
Registration Number	6710 (Conversion)
Effective Date of Report	December 22, 2008
Developer(s)	Hawaii Land Development Corporation, a Hawaii Corporation and Hawaii Capital Partners LLP, a general domestic partnership

Preparation of this Report

The Developer prepared this report to disclose relevant information, including "material facts", that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. The law defines "material facts" to mean "any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale."

This report has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts or all pertinent changes, or both, about the project have been fully or adequately disclosed; and (3) is not the Commission's judgment of the value or merits of the project.

This report may be used by the Developer for promotional purposes only if it is used in its entirety. No person shall advertise or represent that the Commission has approved or recommended the project, this report or any of the documents submitted with Developer's application for registration of this project.

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the Commission an amendment to this report or an amended Developer's Public Report, clearly reflecting the changes, including any omitted material facts, together with such supporting information as may be required by the Commission. In addition, the Developer may choose at any time to change or update the information in this report. Annually, at least thirty days prior to the anniversary date of the Effective Date of this report, the Developer shall file an annual report to update the material contained in this report. If there are no changes, the Developer is required to state that there are no changes. The Developer's obligation to amend this report or to file annual reports ends when the initial sales of all units in the project have been completed.

Purchasers are encouraged to read this report carefully and to seek professional advice before signing a sales contract for the purchase of a unit in the project.

Signing a sales contract may legally bind a purchaser to purchase a unit in the project, though a purchaser may have rights to cancel or rescind a sales contract under particular circumstances that may arise.

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

SPECIAL ATTENTION

[Use this page for special or significant matters which should be brought to the purchaser's attention and that are not covered elsewhere in this report.]

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General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. 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 and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

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

You will be entitled to exclusive ownership and possession of your unit. Subject to the documents governing them, condominium units may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift or operation of law.

Your unit will, however, be part of the group of units that comprise the condominium project. Study the project's Declaration of Condominium Property Regime, Bylaws of the Association of Unit Owners, Condominium Map and House Rules, if any, which are being concurrently delivered to you with this report. These documents contain important information on the use and occupancy of the units and the common elements of the project, as well as the rules and regulations of conduct for unit owners, tenants and guests.

Operation of the Condominium Project

The Association of Unit Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit 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 a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first 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 purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	
Address of Project	1735 & 1735A Marques Street, Honolulu, Hawaii 96822
Address of Project is expected to change because	
Tax Map Key (TMK)	(1) 2-8-016-079
Tax Map Key is expected to change because	
Land Area	approximately, 8,386
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	

1.2 Buildings and Other Improvements

Number of Buildings	2
Floors Per Building	2
Number of New Building(s)	0
Number of Converted Building(s)	2
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	wood, concrete and other allied building material

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc)	Total Area
1735	1	7/4	2198	1692	lanai, balcony	3881
1735A	1	7/4	2094	2441	lanai, balcony	4505
See Exhibit <u> A </u>						

2	Total Number of Units
---	------------------------------

Note: Net Living Area is the floor area of the unit measured from the interior surface of the perimeter walls of the unit. Other documents and maps may give floor area figures that differ from those above because a different method of determining floor area may have been used.

1.4 Parking Stalls

Total Parking Stalls in the Project:	5
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	Unit 1735 - 3 stalls, Unit 1735A - 2 (tandem) stalls
Attach Exhibit A specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	

1.5 Boundaries of the Units

Boundaries of the unit: All exterior finished surfaces are part of the unit. See Paragraph 4.02 of the Declaration.
--

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project): See Article VIII of the Bylaws.
--

1.7 Common Interest

<u>Common Interest:</u> Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit'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 unit owners. The common interest for each unit in this project, as described in Declaration, is:
Described in Exhibit n/a
As follows: Unit 1735 50% Unit 1735A 50%

1.8 Recreational and Other Common Facilities (Check if applicable):

<input type="checkbox"/>	Swimming pool
<input type="checkbox"/>	Laundry Area
<input type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input type="checkbox"/>	Recreation Area
<input type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input type="checkbox"/>	Other (describe):

1.9 Common Elements

Common Elements: Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.	
Described in Exhibit B	
Described as follows:	
Common Element	Number
Elevators	0
Stairways	See Exhibit A
Trash Chutes	0

1.10 Limited Common Elements

Limited Common Elements: A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.
Described in Exhibit B
Described as follows:

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.	
<input checked="" type="checkbox"/>	Pets: See Article VIII, Section 5.L of the Bylaws.
<input type="checkbox"/>	Number of Occupants:
<input type="checkbox"/>	Other:
<input type="checkbox"/>	There are no special use restrictions.

1.12 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 a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).
Exhibit C describes the encumbrances against title contained in the title report described below.
Date of the title report: July 31, 2008
Company that issued the title report: First American Title Insurance

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning					
	Type of Use	No. of Units	Use Permitted by Zoning		Zoning
<input checked="" type="checkbox"/>	Residential	2	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	R-5
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Hotel		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<input type="checkbox"/>	Timeshare		<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 type="checkbox"/>	Other(specify)		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Variances to zoning code have been granted.			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Describe any variances that have been granted to zoning code.					

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots
<p>In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.</p> <p>If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.</p> <p>A purchaser may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.</p>

	Conforming	Non-Conforming	Illegal
Uses	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structures	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Lot	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed: If Unit 1735A is destroyed beyond fifty percent (50%) of its fair market value, a zoning adjustment is required. See Exhibit F.</p>

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p> <p>The structural components and mechanical and electrical installations are in good condition. See Exhibit G.</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p> <p>The expected useful life of each units is 20 years. See Exhibit G.</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p> <p>None</p>	
<p>Estimated cost of curing any violations described above:</p> <p>None</p>	

<p>Verified Statement from a County Official</p>
<p>Regarding any converted structures in the project, attached as Exhibit <u>F</u> is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; <p>or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>
<p>Other disclosures and information:</p>

1.16 Project In Agricultural District

<p>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation.</p>	
<p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.</p>	
<p>Other disclosures and information:</p>	

1.17 Project with Assisted Living Facility

<p>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS? If answer is "Yes", complete information below.</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.</p>	
<p>The nature and the scope of services to be provided.</p>	
<p>Additional costs, directly attributable to the services, to be included in the association's common expenses.</p>	
<p>The duration of the provision of the services.</p>	
<p>Other possible impacts on the project resulting from the provision of the services.</p>	
<p>Other disclosures and information.</p>	

2. PERSONS CONNECTED WITH THE PROJECT

<p>2.1 Developer(s)</p>	<p>Name: Hawaii Land Development Corporation and Hawaii Capital Partners LLP</p> <p>Business Address: 1100 Alakea Street, Suite 2500 Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 440-7974 E-mail Address: nogata@theresortgroup.com</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	<p>Hawaii Land Development Corporation: Jeffrey R. Stone, President and Director Kendall C. Kim, Vice President, Secretary and Treasurer Ralph Harris, Vice President Richard Stone, Director</p> <p>Hawaii Capital Partners LLP: Mau LLC, general partner Pacific Northwest, Ltd., general partner Showe Kapua LLC, general partner</p>
<p>2.2 Real Estate Broker</p>	<p>Name: Honolulu Resort Realty, Inc. Business Address: 1100 Alakea Street, Suite 2500 Honolulu, Hawaii 96813</p> <p>Business Phone Number: 531-9761 E-mail Address: ktanaka@theresortgroup.com</p>
<p>2.3 Escrow Depository</p>	<p>Name: Island Title Corporation Business Address: 3465 Waialae Ave., Suite 370 Honolulu, Hawaii 96816</p> <p>Business Phone Number: 739-1482</p>
<p>2.4 General Contractor</p>	<p>Name: N/A Business Address:</p> <p>Business Phone Number:</p>
<p>2.5 Condominium Managing Agent</p>	<p>Name: None, Self-managed by the Association. Business Address:</p> <p>Business Phone Number:</p>
<p>2.6 Attorney for Developer</p>	<p>Name: Norman Cheng Business Address: 733 Bishop Street, Suite 1900 Honolulu, Hawaii 96813</p> <p>Business Phone Number: 537-6100</p>

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances (Regular System) or filing in the Office of the Assistant Registrar of the Land Court, or both, a Declaration of Condominium Property Regime, a Condominium Map and the Bylaws of the Association of Unit Owners. The Condominium Property Act (Chapter 514B, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the unit owners with respect to the project and the common elements, to each other, and to their respective units.

3.1 Declaration of Condominium Property Regime

The Declaration of Condominium Property Regime contains a description of the land, buildings, units, common interests, common elements, limited common elements, and other information relating to the condominium project.		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	September 17, 2008	2008-147254

Amendments to Declaration of Condominium Property Regime		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	November 20, 2008	2008-177872

3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Unit 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 that affect how the condominium project will be governed.		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	September 17, 2008	2008-147255

Amendments to Bylaws of the Association of Unit Owners		
Land Court or Bureau of Conveyances	Date of Document	Document Number

3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.	
Land Court Map Number	
Bureau of Conveyances Map Number	4712
Dates of Recordation of Amendments to the Condominium Map:	

3.4 House Rules

The Board of Directors may adopt rules and regulations (commonly called "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. Changes to House Rules do not need to be recorded to be effective.

The House Rules for this project:

Are Proposed		
Have Been Adopted and Date of Adoption		
Developer does not plan to adopt House Rules		✓

3.5 Changes to the Condominium Documents

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.

Document	Minimum Set by Law	This Condominium
Declaration	67%	75%
Bylaws	67%	100%

3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents

<input checked="" type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input type="checkbox"/>	Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

Management of the Common Elements: The Association of Unit 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.		
The Initial Condominium Managing Agent for this project is (check one):		
<input type="checkbox"/>	<input type="checkbox"/>	Not affiliated with the Developer
<input checked="" type="checkbox"/>	<input type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	<input type="checkbox"/>	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

Estimate of the Initial Maintenance Fees: The Association will make assessments against your unit 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 unit and the unit 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 H contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.	

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:		
<input type="checkbox"/>	<input type="checkbox"/>	Electricity for the common elements
<input type="checkbox"/>	<input type="checkbox"/>	Gas for the common elements
<input type="checkbox"/>	<input type="checkbox"/>	Water
<input type="checkbox"/>	<input type="checkbox"/>	Sewer
<input type="checkbox"/>	<input type="checkbox"/>	TV cable
<input type="checkbox"/>	<input type="checkbox"/>	Other (specify)

4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:		
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Electricity for the Unit only
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Gas for the Unit only
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Water
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sewer
<input checked="" type="checkbox"/>	<input type="checkbox"/>	TV cable
<input type="checkbox"/>	<input type="checkbox"/>	Other (specify)

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit D contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: Name of Escrow Company: Exhibit E contains a summary of the pertinent provisions of the escrow agreement.
<input type="checkbox"/>	Other

5.2 Sales to Owner-Occupants

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants.

<input type="checkbox"/>	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
<input type="checkbox"/>	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit
<input type="checkbox"/>	Developer has or will designate the units for sale to Owner-Occupants by publication.

5.3 Blanket Liens

Blanket Liens: A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.

<input checked="" type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input type="checkbox"/>	There are <u>blanket liens</u> that may affect title to the individual units.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:

Building and Other Improvements: None
Appliances: None

5.5 Status of Construction, Date of Completion or Estimated Date of Completion

Status of Construction:
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract:
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:

5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance

The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

<input type="checkbox"/>	<p>The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project.</p> <p><i>If this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.</i></p>
--------------------------	--

5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

<p>Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):</p>	
<input type="checkbox"/>	<p>For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or</p>
<input type="checkbox"/>	<p>For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.</p>

In connection with the use of purchaser deposits (check Box A or Box B):

<p>Box A</p> <p><input type="checkbox"/></p>	<p>The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>If Box A is checked, you should read and carefully consider the following notice, which is required by law:</p> <p>Important Notice Regarding Your Deposits: Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.</p>
<p>Box B</p> <p><input type="checkbox"/></p>	<p>The Developer has <u>not</u> submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.</p> <p>If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the Important Notice Regarding Your Deposits set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, <u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u> (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>You should understand that, although the Important Notice Regarding Your Deposits set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.</p>

Material House Bond. If the Developer has submitted to the Commission a completion or performance bond issued by a material house instead of a surety as part of the information provided prior to the use of purchaser deposits prior to closing or conveyance of a unit, the Developer shall disclose the same below and disclose the impact of any restrictions on the Developer's use of purchaser deposits.

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.	
1.	Developer's Public Report
2.	Declaration of Condominium Property Regime (and any amendments)
3.	Bylaws of the Association of Unit Owners (and any amendments)
4.	Condominium Map (and any amendments)
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8.	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 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov

Website to access rules: www.hawaii.gov/dcca/har

5.8 Purchaser's Right to Cancel or Rescind a Sales Contract

A purchaser's right to cancel a sales contract or to rescind a sales contract may arise under varying circumstances. In the sections below, some circumstances that will give rise to a purchaser's right to cancel or rescind are described, together with what a purchaser must do if the purchaser wishes to exercise any of the rights.

5.8.1 When a Sales Contract becomes Binding and Purchaser's 30-Day Right to Cancel a Sales Contract

A sales contract signed by a purchaser and the developer will not become binding on a purchaser or the Developer until the following events have taken place:

- (1) The purchaser has signed the sales contract.
- (2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.
- (3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.
- (4) The purchaser does at least one of the following:
 - (a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

- (b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or
- (c) Closes the purchase of the unit before the 30-day cancellation period expires.

The purchaser or the Developer may cancel the sales contract at any time during the 30-day cancellation period, and the sales contract will be canceled and the purchaser's deposits returned to the purchaser, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.

5.8.2 Right to Cancel a Sales Contract if Completion Deadline Is Missed

In addition to the purchaser's 30-day cancellation right described in Section 5.8.1 above, when a sales contract is signed before completion of construction of a project, the purchaser will have the right to cancel if the unit is not completed by certain deadlines. In conversion projects, there must be a deadline for completion of any required repairs. Every sales contract shall contain an agreement of the Developer that the completion of construction shall occur on or before the completion deadline, and that completion deadline is set forth in this report in Section 5.5. The sales contract shall provide that the purchaser may cancel the sales contract at any time after the specified completion deadline, if completion of construction does not occur on or before the completion deadline, as the same may have been extended. Upon a cancellation, the purchaser's deposits shall be refunded, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00.

5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change

If a "material change" in a project occurs after a purchaser has signed a sales contract that has become binding, the purchaser will have a 30-day right to rescind after notification and description of the material change. A material change is defined in the Condominium Property Act to be any change that "directly, substantially and adversely affects the use or value of (1) a purchaser's unit or appurtenant limited common elements; or (2) those amenities of the project available for the purchaser's use."

The purchaser will be informed of the material change by the developer on a form prescribed by the Commission containing a description of the material change.

After notice of the material change, the purchaser may waive the right to rescind by:

- (1) Checking the waiver box on the rescission form; or
- (2) Letting the 30-day rescission period expire, without taking any action to rescind; or
- (3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30th calendar day after the purchasers received the rescission form from the developer. Purchasers who validly exercise the right of rescission shall be entitled to a prompt and full refund of any moneys paid.

A rescission right shall not apply in the event of any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the project's Declaration.

These provisions shall not preclude a purchaser from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

Water / Sewer: Water and sewer are metered together. The owners shall evenly split the cost of the water/sewer bill each month pursuant to Article X of the Bylaws of the Association of Apartment Unit Owners of 1735 Marques Street.

The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.

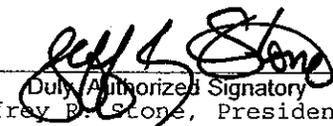
For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

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 purchasers 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. The Developer hereby agrees promptly to amend this report to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

Hawaii Land Development Corporation
Hawaii Capital Partners LLP

Printed Name of Developer

By: _____


Duly Authorized Signatory
Jeffrey P. Stone, President of Hawaii Land Development Corporation and President of Pacific Northwest Ltd.,
General Partner of Hawaii Capital Partners LLP

12-15-08

Date

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City & County of Honolulu

Planning Department, City & County of Honolulu

***Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

EXHIBIT A

DESCRIPTION OF APARTMENTS

The Project contains the following two units:

1. Unit 1735. Unit 1735 consists of one freehold estate consisting of a two-story residential structure. The first floor consists of a laundry room, four bedrooms, two bathrooms, a balcony and a lanai. The second floor consists of three bedrooms, two bathrooms, living room, kitchen/dining room and balcony. There are two exterior stairways, one that leads from the parking area to the ground floor and another that leads to the second floor. There is also an interior stairway that leads to the second floor. The net living area is approximately 2,198 square feet.
2. Unit 1735A. Unit 1735A consists of one freehold estate consisting of a two-story residential structure. The first floor consists of a laundry room, four bedrooms, two bathrooms, and a lanai. The second floor consists of three bedrooms, two bathrooms, living room, kitchen/dining room and balcony. There is one exterior stairway and an interior stairway that leads to the second floor. The net living area is approximately 2,094 square feet.

EXHIBIT B

COMMON ELEMENTS

The common elements of the Project and which the units have immediate access to include:

1. The land in fee simple.
2. The central and appurtenant installations for services such as power, light, gas, telephone, sewer, drainage, hot and cold water and like utilities which service more than one unit and any easements for such utility services, if any.
3. The common easements for drainage and all common or shared installations for underground utilities including electricity, water (including both the water meter and submeter, if any), telephone, and cable television which run upon or under the limited common or common elements, if any.
4. All other parts of the Project existing for the common use or necessary to the existence, maintenance and safety of the Project including any easements for utilities and for ingress and egress to and from Marques Street or any other public right-of-way.

LIMITED COMMON ELEMENTS

The land area delineated and designated in the Condominium Map as limited common elements are limited common elements of a unit and consist of the following:

1. Unit 1735. The land surrounding and under Unit 1735 is a limited common element of Unit 1735 and is for the exclusive use of Unit 1735 and consists approximately 3,881 square feet.
2. Unit 1735A. The land surrounding and under Unit 1735A is a limited common element of Unit 1735A and is for the exclusive use of Unit 1735A and consists approximately 4,505 square feet.
3. Any fences, walls or utility systems of lines which are located within the limited common land area and which services or benefits only one unit shall be deemed a limited common element of such unit.

EXHIBIT C

ENCUMBRANCES AGAINST TITLE

1. Title to all mineral and metallic mines reserved to the State of Hawaii.

2. EASEMENT "2"

Shown: Tax Map

Purpose: Utility and incidental purposes

3. STIPULATED JUDGMENT - CIRCUIT COURT OF THE FIRST CIRCUIT - STATE OF HAWAII - CIVIL NO. 53261

Plaintiff: LR&I Development Two

Defendant: City and County of Honolulu

Dated: July 10, 1980

Recorded: Book 14920, Page 57

4. GRANT OF EASEMENT

Dated: May 8, 1981

Recorded: Book 15534, Page 679

Purpose: Water pipelines and incidental purposes

In Favor Of: The City and County of Honolulu

5. Rights if any of the owners of the property adjoining the lands described herein to use said land for roadway purposes and/or ingress and egress to and from their properties, as mentioned in Deed:

Dated: February 11, 1987

Recorded: Book 20357, Page 153

6. GRANT OF EASEMENT

Dated: February 4, 1988

Recorded: Book 21604, Page 610

Purpose: Sewer pipelines and incidental purposes

In Favor Of: The City and County of Honolulu

7. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in:

DECLARATION OF RESTRICTIVE COVENANT

Dated: March 11, 1988

Recorded: Book 21713, Page 515

to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS, as amended

8. Designation of Easement 4, for driveway purposes, as shown on map by James R. Thompson, Licensed Professional Land Surveyor No. 3627, with Walter P. Thompson, Inc., dated April 30, 2007 (revised August 10, 2007), attached to instrument recorded as Document No. 2007-210462, and more particularly described thereto.

9. **GRANT OF EASEMENT**

In Favor Of: DAN S. YOSHIOKA AND MARVY F. YOSHIOKA, husband and wife, Tenants by the Entirety

Effective As Of: January 25, 2008

Recorded: Document No. 2008-015955

Purpose: Vehicular and pedestrian ingress and egress to Vancouver Drive

EXHIBIT D

SUMMARY OF SALES CONTRACT

The Sales Contract contains the purchase price, description and location of the apartment and other terms and conditions under which a Purchaser will agree to buy an apartment in the Project.

~~Among other things, the Sales Contract:~~

1. Provides that the Seller is selling the apartments in Existing "As Is" Condition.
 2. Provides a "Scheduled Closing Date."
 3. Identifies the escrow agent
 4. Provides the customary closing cost allocations:
 - a. Charge to Buyer: 40% of the premium for standard coverage title insurance and any additional costs relating the issuance of extended coverage policy (including a lender's policy), cost of drafting mortgage and note or agreement of sale, cost of obtaining Buyer's consents, Buyer's notary fees, All recording fees except documents to clear Seller's title, 50% of Escrow fee, Condominium and Association ownership transfer fees, FHA or VA discount points and any mortgage fees.
 - b. Charge to Seller: 60% of the premium for standard coverage title insurance, cost of drafting conveyance documents and bills of sale, cost of obtaining Seller's consents, 50% of Escrow fees, cost of required staking or survey, recording fees to clear Seller's title, FHA or VA mandatory closing fees, Conveyance Tax, FIRPTA (Federal withholding tax) and HARPTA (State withholding tax).
- Escrow may charge the appropriate party other closing costs as directed by the parties.
5. Provides that Buyer's obligation to buy is contingent upon Buyer obtaining financing.
 6. Provides the following remedies, in the event of default under the Sales Contract:
 - a. by Buyer: Seller may terminate the Sales Contract and (i) bring an action for damages for breach of contract or (ii) retain the initial deposit and all additional deposits provided for in the Sales Contract. Buyer shall be responsible for any costs incurred in accordance with the Sales Contract.

- b. by Seller: Buyer may: (i) bring an action for damages for breach of contract, and (ii) seek specific performance of the Sales Contract. Seller shall be responsible for any costs incurred in accordance with the Sales Contract.
- 7. Provides that if any dispute or claim arises out the Sales Contract during the transaction or at any time after closing between Buyer and Seller and the parties are unable to resolve the dispute, Buyer and Seller agree in good faith to attempt to settle such dispute or claim by non-binding mediation.

The Sales Contract contains various other provision which the purchser should become acquainted with. If there is a conflict between the terms of this summary and the Sale Contract, the later shall control.

EXHIBIT E

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral party ("Escrow"). Escrow is Island Title Corporation. Under the Escrow Agreement dated September 17, 2008, these things will or may happen:

- (a) Seller shall pay over to Escrow all monies received by Seller from Buyer for any reason with respect to the Project.
- (b) Upon receipt of notice in writing from Seller that any payments are due under any sales contract, Escrow shall give notice in writing to each Purchaser under a sales contract held by Escrow and shall call for such payment to be made to Escrow.
- (c) All funds received by Escrow shall be deposited, within a reasonable time of their receipt by Escrow and in reasonably convenient and practical sum, in an interest-bearing account in a federally insured bank or savings and loan institution to be held therein subject to all of the terms and provisions hereof. All interest earned on the deposits will belong to Seller.
- (d) A Buyer shall be entitled to a return of his funds if any one of the following has occurred:
 - (i) Seller has requested Escrow in writing to return to Buyer the funds of Buyer then being held hereunder by Escrow; or
 - (ii) Seller has notified Escrow of Seller's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated therein or otherwise available to Seller; or
 - (iii) There is a material change in the Project for which rescission of the Sales Contract is permitted pursuant to Section 514B-87 of the Hawaii Revised Statutes
- (e) Escrow shall disburse of Buyer's funds when the Real Estate Commission has issued an effective date for the developer's public report and Escrow has received a copy of Buyer's receipt for such public report and waiver of right to cancel, or thirty (30) days have elapsed since Buyer received for such public report.
- (f) The Escrow Agreement says what will happen to Buyer's funds upon a default under the Sales Contract. If Buyer defaults, all deposits previously placed into Escrow will be forfeited by Buyer and Escrow may release such funds to Seller. See Paragraph 9 of the Escrow Agreement.

The Escrow Agreement contains various other provisions and establishes certain charges with which the purchaser should become acquainted. If there are any conflicts between the terms of this summary and the Escrow Agreement, the latter shall control.

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR - HONOLULU, HAWAII 96813
TELEPHONE: (808) 768-8000 • FAX: (808) 527-6743
INTERNET: www.honolulu.gov - DEPT. WEB SITE: www.honoluluodpp.org



MUFI HANNEMANN
MAYOR

HENRY ENG, FAICP
DIRECTOR

DAVID K. TANOUE
DEPUTY DIRECTOR

2008/ELOG-1547(LT)

August 18, 2008

Tina Wakayama, Esq.
Stam O'Toole Marcus & Fisher
A Law Corporation
Pacific Guardian Center, Makai Tower
733 Bishop Street, Suite 1900
Honolulu, Hawaii 96813

Dear Ms. Wakayama:

Subject: Condominium Conversion Project
1735 & 1735A Marques Street
Tax Map Key (TMK): 2-8-016: 079

This is in response to your letter dated June 19, 2008, requesting verification that the structure on the above-referenced property met all applicable code requirements at the time of construction.

Investigation revealed that the two-story two-family detached dwelling (one of which is an Ohana dwelling) with four (4) all-weather-surface off-street parking spaces met all applicable code requirements when it was constructed in 1988 on this 8,385-square-foot R-5 Residential-District-zoned lot.

Investigation also revealed the following:

1. On November 19, 1987, a subdivision (File No. 86/SUB-52) was approved to subdivide parcel 224 of University Apartment Area Improvement District (being also portions of Marques and Hunnewell Streets, Seaview Avenue and Vancouver Drive) into two (2) lots: Lot 224-A (parcel 79) of 8,385 square-feet (TMK: 2-8-016: 079) (for residential purposes) and Lot 224-B of 108,777 square-feet (remainder area). Included in this subdivision was the designation of Easements 1 through 3 on parcel 79: Easements 1 and 2 for utilities and Easement 3 (2,680 square-feet) for driveway purposes for the adjoining Lots 2A (TMK: 2-8-016: 021) and 2B (TMK: 2-8-016: 052).

EXHIBIT F

Tina Wakayama, Esq.
Stam O'Toole Marcus & Fisher
August 18, 2008
Page 2

2. There were no additional Ohana restrictions when this dwelling was constructed. However, a Zoning Adjustment is required for rebuilding an Ohana unit.

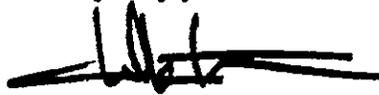
For your information, the Department of Planning and Permitting cannot determine all legal nonconforming uses or structures, as a result of the adoption or amendment of any or ordinance or code.

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

Conversion to a condominium property regime (CPR) is not recognized by the City and County as an approved subdivision. CPR delineates ownership; it does not create separate lots of record for subdivision and zoning purposes.

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto of our Commercial and Multi-Family Code Enforcement Branch at 768-8151.

Very truly yours,



Henry Eng, FAICP, Director
Department of Planning and Permitting

HE:ft

doc639294

EXHIBIT G

ARCHITECT INSPECTION REPORT (Conversion)

Re: Project: 1735 Marques Street
Address: 1735 and 1735A Marques Street
Honolulu, Hawaii 96822
TMK: (1) 2-8-016-079

The undersigned, being Registered Professional Architect Number 9396 in the State of Hawaii, hereby declares as follows:

1. I have examined the two residential structures on the above referenced property; and
2. Without invasive examination of covered components, the structural components and mechanical and electrical installations of the apartments identified as Units 1735 and 1735A on the condominium map appeared to be in good condition; and
3. The useful remaining life of the residential structures is estimated to be approximately 20 years as of the date hereof; subject however, to appropriate maintenance and upkeep.

The foregoing statements are made for the purposes of the submission of the public report for this Project. Third party purchasers may not rely on this statement. Each purchaser is cautioned to conduct his or her own investigation.

Please feel free to contact me if you should have any questions concerning the foregoing.

Sincerely,

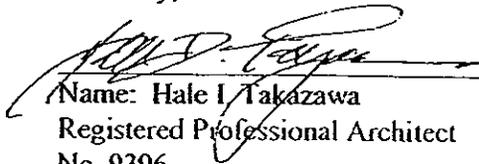

Name: Hale I. Takazawa
Registered Professional Architect
No. 9396

EXHIBIT H

MAINTENANCE FEES

There shall be no annual maintenance fees and no monthly maintenance fees for this project. Electricity, gas and TV cable are metered and billed separately to each unit. Water and sewer are metered together. The owners shall evenly split the cost of the water/sewer bill each month.

Any repairs or maintenance that needs to be done to any common area, shall be charged to the owners per the Bylaws of the Association of Apartment Unit Owners of 1735 Marques Street.

EXHIBIT I
BROKER AGREEMENT



EXCLUSIVE RIGHT-TO-SELL LISTING AGREEMENT
Hawaii Association of REALTORS® Standard Form
 Revised 4/07 (NC) For Release 11/08



COPYRIGHT AND TRADEMARK NOTICE: This copyrighted Hawaii Association of REALTORS® Standard Form is licensed for use by the entire real estate industry on condition that there shall be no alteration of the printed portions, pagination, or paragraph numbers or breaks. The use of this form is not intended to identify the real estate licensee as a REALTOR®. REALTOR® is a registered collective membership mark which may be used only by real estate licensees who are members of the National Association of REALTORS® and who subscribe to its Code of Ethics.

Licensee in Brokerage Firm is is not a REALTOR® and member of the National Association of REALTORS®. Seller is aware that the National Association of REALTORS® holds its members accountable for their actions through a strict Professional Code of Ethics, which includes a grievance system to address complaints. Non-members are not required to participate in the grievance system.

Property Reference or Address: 1775 + 1775A Marques Street
Honolulu, Hawaii 96822

Tax Map Key: Div. 1 /Zone 2 /Sec. 8 /Plat 16 /Parcel 79 /CPR _____ (if applicable).

Honolulu Resort Realty, Inc.
 Brokerage Firm

Hawaii Capital Partners LLP
 Seller's Name

1100 Alahea Street, Suite 2500
 Address

Hawaii Land Development Corporation
 Seller's Name

Honolulu, Hawaii 96813
 Address

Kristi K. Tanaka (808) 591-9161
 Real Estate Licensee Phone

1. **AGENCY:** The Buyer and/or Seller in a real estate transaction in Hawaii may retain a real estate Brokerage Firm as their agent. In such case, the Buyer and/or Seller is represented by the Brokerage Firm and all of its licensees. Hawaii law requires real estate licensees to disclose orally or in writing to Seller and/or Buyer whom the licensee represents. The form of representation may be one of the following:
- (a) **Seller's Agent.** Brokerage Firm represents Seller only unless a disclosed dual agency exists. Seller's Agent owes the highest duties to Seller, including confidentiality, loyalty, and utmost care.
 - (b) **Buyer's Agent.** Brokerage Firm represents Buyer only unless a disclosed dual agency exists. Buyer's Agent owes the highest duties to Buyer, including confidentiality, loyalty, and utmost care.
 - (c) **Dual Agent.** Brokerage Firm represents both Buyer and Seller. This commonly occurs when licensees in the Brokerage Firm representing Seller have a Buyer client looking for types of property similar to Seller's property. In such event, the Brokerage Firm and all of its licensees represent both Buyer and Seller and are dual agents. Dual agents must remain neutral in negotiations and must not advance the interest of one party over the other. **A separate written Dual Agency Agreement is required under Hawaii law.**
- Seller agrees does not agree to Dual Agency

Customer. Seller's Agent can also assist Buyer as a customer. As a customer, Buyer is not represented by Seller's Agent. Seller's Agent can assist Buyer in writing the Purchase Contract, can present the Purchase Contract to Seller, and can report back any acceptance or request for changes to the Purchase Contract.

2. **OWNERSHIP, TITLE AND AUTHORITY:** Seller warrants that (i) Seller is the owner of the Property; (ii) no other persons or entities have title to the Property; and (iii) Seller has the authority to execute this Agreement and to sell the Property. Exceptions to ownership, title and authority are as follows: none
3. **EXCLUSIVE RIGHT TO SELL:** "Exclusive Right To Sell" means that Seller shall list the Property with Brokerage Firm only and that Brokerage Firm is entitled to a commission if the Property is sold by Brokerage Firm, Seller, or anyone else. Seller hereby employs Brokerage Firm as its agent and grants Brokerage Firm the exclusive and irrevocable right to sell or exchange the Property identified above and described on the attached EXHIBIT A.
4. **LISTING PERIOD:** Begins (date) Approval of CPR and ends at 11:59 PM (HST) on (date) 180 days thereafter. Either party may end the listing with 30 calendar days advance written notice to the other. However, neither party may end this listing before 11:59 PM (HST) on (date) 30 days after approval of CPR unless both agree, in writing, to an earlier date.
5. **PROTECTION PERIOD:** 15 calendar days after end of Listing Period or any extension thereof.
6. **ITEMS INCLUDED OR EXCLUDED:** Unless otherwise specified in the sales contract, all fixtures attached to the Property are included. Personal property items are excluded.
7. **LISTING PRICE:** The listing price shall be \$ TBD
8. **COMPENSATION TO BROKER:** Seller agrees to pay Brokerage Firm, in US Dollars, 3 per Three Percent on the occurrence of any of the following:
- (a) Brokerage Firm, Seller, Cooperating Broker or any other person procures a Buyer (or Buyers) who offers to purchase the Property at the above price, or on any price and terms acceptable to Seller, during the Listing Period or any extension thereof, no matter who (including Seller) procures the Buyer.
 - (b) Brokerage Firm procures a Buyer (or Buyers) ready, willing and able to pay the Listing Price and meet the other terms of this listing, even if Seller refuses to sign the written sales contract.
 - (c) Seller, within the Protection Period specified in Paragraph 5 above, signs a written sale or exchange contract with any prospect to whom the Property was presented and who is included in a written list of prospects delivered to Seller within 10 days of the end of this listing.

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[Signature] 12.15.08
 SELLER'S INITIALS & DATE



- (d) Seller withdraws Property from sale before the end of this listing without consent of the Brokerage Firm.
- (e) **Option.** An agreement to keep open, for a set period, an offer to sell or lease real property. The option must be supported by a premium, separate and independent of the purchase price of the Property. Seller will pay Brokerage Firm one-half of the option premium if Seller gives any person an option during the Listing Period regardless of exercise of the option. If Seller gives an option to any of Brokerage Firm's prospects within the PROTECTION PERIOD, SELLER will likewise pay one-half of the option premium. However, Seller will not pay more than what would have been Brokerage Firm's full commission. Seller will pay the balance of your commission, if any, and any agreed upon general excise tax when the option is exercised, even if after the Listing Period.
9. **ESCROW:** A bonded company shall be employed to help with the conveyance of the Property. Seller hereby irrevocably assigns to Brokerage Firm the above compensation and any agreed upon general excise tax from Seller's funds and proceeds in escrow.
10. **BROKERAGE FIRM'S OBLIGATIONS:**
- (a) **Reasonable Efforts.** Brokerage Firm agrees to exercise reasonable effort and due diligence to achieve the purposes of this contract and keep Seller informed of these efforts. Brokerage Firm is not responsible for the care or control of the Property.
 - (b) **Advertising.** Brokerage Firm may advertise the Property by newspaper, radio, TV, Internet, MLS or by placing signs on the Property or any other means which is in compliance with County, State, or Federal law or subdivision/CPR covenants.
 - (c) **Buyer's Deposit.** Brokerage Firm may accept deposits from any person. If any deposit is forfeited, Brokerage Firm is entitled to one-half of that deposit, not to exceed what would have been Brokerage Firm's full commission.
 - (d) **Fair Housing Laws.** Brokerage Firm shall comply with State and Federal anti-discrimination laws.
 - (e) **Sex Offender Registration ("Megan's Law").** Hawaii has enacted a law requiring sex offenders to register with the State Attorney General's office. Brokerage Firm makes no representations as to whether the public has access to this information. Brokerage Firm is not required by law to provide information regarding sex offenders.
11. **SELLER'S REPRESENTATIONS:** Seller represents that, unless otherwise specified in writing, Seller is not aware of any of the following and Seller shall promptly notify Brokerage Firm in writing if Seller becomes aware of any of these items during the Listing Period, or any extension thereof:
- (a) Notice of Default against the Property;
 - (b) Delinquent amounts due under any loan or other obligations secured by the Property;
 - (c) Bankruptcy, insolvency or similar proceeding affecting the Property;
 - (d) Litigation, arbitration, administrative action, government investigation or other pending or threatened action that affects or may affect the Property or Seller's ability to transfer it; and
 - (e) Current, pending or proposed special assessments affecting the Property.
12. **SELLER'S OBLIGATIONS:**
- (a) **Assistance.** Seller will prepare the Property for showings and open houses. Seller shall provide all necessary information, documents, and keys and permit inspections by termite inspectors, appraisers, surveyors, etc.
 - (b) **Access.** Seller shall allow access as needed during reasonable hours for showings, open houses, and inspections.
 - (c) **Lock Box.** Seller agrees to permit and will obtain written permission from any occupant to install a lock box or electronic key device on the Property to allow for showings and inspections.
 - (d) **Securing Valuables.** Seller agrees to secure all valuables and will instruct any occupants to secure their valuables. Brokerage Firm will not be responsible for any valuables, or for loss or damage to real or personal property.
 - (e) **Professional Advice.** Seller is advised to consult an attorney, accountant, or other appropriate professionals. Seller is not relying upon Brokerage Firm for any such advice.
 - (f) **Offers.** Seller agrees to consider all offers presented by Brokerage Firm and to act in good faith to sell the Property.
 - (g) **Disclosure of Material Facts.** There is a general obligation under the Hawaii law for a Seller to disclose any fact which could be deemed to be material to a prospective Buyer of any property offered for sale, including vacant land, commercial property, as well as residential property. There is also a specific law in Hawaii (Chapter 508D, Hawaii Revised Statutes) requiring disclosure of material facts in the sale of any residential property. Under Hawaii law, the Seller is obligated and hereby agrees to give a written disclosure statement to a Buyer containing any fact, defect, or condition, past or present, that would be expected to measurably affect the value of the Property to a reasonable person. Such disclosure statement shall be prepared in good faith and with due care and shall disclose all material facts relating to the Property that: (i) are within Seller's knowledge or control; (ii) can be observed from visible, accessible areas; or (iii) are required by Section 508D-15 of the Hawaii Revised Statutes.
- Section 508D-15 of the Hawaii Revised Statutes provides that when the Property lies: (i) within the boundaries of a special flood hazard area as officially designated on Flood Insurance Administration maps promulgated by the appropriate Federal agencies for the purposes of determining eligibility for emergency flood insurance programs; (ii) within the boundaries of the noise exposure area shown on maps prepared by the Department of Transportation in accordance with Federal Aviation Regulation Part 150-Airport Noise Compatibility Planning (14 Code of Federal Regulations Part 150) for any public airport; (iii) within the boundaries of the Air Installation Compatibility Use Zone of any Air Force, Army, Navy or Marine Corps airport as officially designated by military authorities; or (iv) within the anticipated inundation areas designated on the Department of Defense's Civil Defense Tsunami Inundation Maps; subject to the availability of maps that designate the four areas by tax map key, SELLER must include this information in the disclosure statement.
- Seller understands that purposely or negligently failing to comply with this disclosure law may result in liability for damages. Seller further understands that if a written disclosure statement is not provided, or if inspection of the Property by a third party reveals facts inconsistent with or contradictory to Seller's disclosure statement, Hawaii law requires that Brokerage Firm disclose those facts to Seller, Buyer and Buyer's agent. This obligation of disclosure limits Brokerage Firm's agency duty of confidentiality. Seller also understands that if, after Seller's disclosure statement has been delivered to Buyer and prior to closing, Seller becomes aware of information which was not previously disclosed or which makes any statement in the disclosure statement inaccurate and said information directly, substantially, and adversely affects the value of the Property, then Seller shall provide an amended disclosure statement, in writing, to Buyer within ten (10) days after the discovery and in no event later than twelve noon on the last business day prior to the recorded sale of the Property.
- (h) **Leasehold Disclosure.** If the Property is leasehold, Seller agrees to provide, at Seller's expense, a current leasehold disclosure as required by Hawaii State law. Seller authorizes Brokerage Firm to order such a disclosure from a qualified professional, if such professional service is available.

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- (i) **Costs.** Seller shall pay the following costs, if incurred: (1) customary closing costs; (2) Seller's legal fees; (3) fees for expert or specialized services; (4) costs of homeowner association documents; and (5) any other costs agreed to by Seller.
- (j) **Prospects From Prior Listings.** When signing this Listing Agreement, Seller shall deliver to Brokerage Firm a copy of any prospect list given to Seller from any earlier listing with another brokerage firm. If another brokerage firm earns a commission because of a sale to any prospect on such a list, Seller will not be obligated to pay current Brokerage Firm any commission.

13. SELLER'S AUTHORIZATIONS:

- (a) **Other Brokerage Firms.** Seller authorizes Brokerage Firm to cooperate and share commissions with other brokerage firms.
- (b) **Release of Information.** (1) Seller authorizes Brokerage Firm and Escrow to obtain any information regarding mortgage balances, lease rents, maintenance fees, property management, collection accounts, property taxes or like items. This information may be provided to any prospective Buyer. (2) Seller hereby consents to publication of listing and other data in the MLS and to the use of this information for market studies, service to the public, and advice to clients or customers. Seller understands that Brokerage Firm is obligated to comply with all applicable MLS rules. MLS rules allow MLS data to be made available by the MLS to additional public Internet sites unless Brokerage Firm gives the MLS instructions to the contrary.

14. SELLER'S AFFIRMATIONS:

- (a) **Property Information.** To the best of Seller's knowledge, the information on EXHIBIT A is correct. If any information on EXHIBIT A is known to Seller to be incorrect or incomplete, Seller shall be fully responsible for any actions and costs to cure.
- (b) **Fair Housing Laws.** Seller understands that it is illegal to discriminate against prospective Buyers on the basis of race, sex, including gender identity or expression, sexual orientation, color, religion, marital status, familial status, ancestry, disability, age, or human immunodeficiency virus infection.
- (c) **Mediation and Arbitration.** If any dispute or claim in law or equity arises out of this Agreement, and the parties are unable to resolve the dispute, Seller agrees to attempt in good faith to settle such dispute or claim by non-binding mediation through the Local Board of REALTORS® or, in the event the Local Board of REALTORS® does not provide mediation services, then through a mutually agreed upon mediator. If the mediation is not successful, then Seller will consider arbitration and may seek legal counsel to make this determination. It is understood that if both parties are involuntarily named as defendants in a lawsuit by a third party in any matter arising out of this Agreement, this paragraph shall no longer be binding on either party.

15. FIRPTA: Withholding Required If Seller Is A Foreign Person. Under the Internal Revenue Code, if Seller is a foreign person or entity (non-resident alien, corporation, partnership, trust or estate), then Buyer is generally required to withhold a specified percentage of the "amount realized" by Seller on the sale of the Property and forward the amount with the appropriate Internal Revenue Service ("IRS") form to the IRS. Such withholding may not be required if Seller obtains and provides Buyer with an authorized exemption or waiver from withholding. **Seller must complete the authorized exemption or waiver form, or Escrow will withhold/collect from Seller the required amount at closing and forward it to the IRS.**

16. HARPTA: Withholding Required If Seller Is A Non-Resident Of The State Of Hawaii. Under Hawaii law, if Seller is a non-resident person or entity (corporation, partnership, trust or estate) of the State of Hawaii, Buyer must withhold a specified percentage of the "amount realized" by Seller on the sale of the Property and forward the amount with the appropriate form to the State Department of Taxation. Such withholding may not be required if Seller obtains and provides Buyer with an authorized exemption or waiver from withholding. **Seller must complete the authorized exemption or waiver form, or Escrow will withhold/collect from Seller the required amount at closing and forward it to the State Department of Taxation.**

17. CONFLICT IN TERMS: Any handwritten word in this Listing Agreement prevails over any typed or printed word. Any typed word prevails over any printed word. Any special term prevails over any standard term.

18. INDEMNIFICATION: Seller agrees to indemnify, defend and hold Brokerage Firm harmless from all claims, disputes, litigation, judgments, and attorney's fees arising from any incorrect information supplied by Seller, or from any material facts that Seller knows but fails to disclose.

19. ADDITIONAL TERMS: none

Seller acknowledges that Seller has read, understands, and accepts this Agreement. Seller represents that if Seller is a trust, corporation, partnership, or other legal entity, the person signing below has the authority to sign on behalf of Seller.

12-15-08		Jeffrey R. Stone
Date	Signature	Name (print or type)
1100 Alakea Street, Suite 2200	Honolulu, HI 96813	(808) 440-1974
Address	Address	Phone
Date	Signature	Name (print or type)

Honolulu Real Estate Realty, Inc.	(808) 531-0761		12.15.08
Brokerage Firm	Phone	Principal Broker or Broker-in-Charge	Date

Seller acknowledges receipt of a complete copy of this Listing Agreement and attached Exhibit A (Property Information).

NOTE: THERE IS NO WARRANTY ON PLAIN LANGUAGE. An effort has been made to put this agreement into plain language, but there is no promise that it is in plain language. In legal terms, THERE IS NO WARRANTY, EXPRESSED OR IMPLIED, THAT THIS AGREEMENT COMPLIES WITH CHAPTER 487A OF THE HAWAII REVISED STATUTES, AS AMENDED. This means that the Hawaii Association of REALTORS® is not liable to any Seller, or other person who uses this form for any damages or penalty because of any violation of Chapter 487A. People are cautioned to see their own attorneys about Chapter 487A (and other laws that may apply).