

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Hawaii Community Development Authority and Honuakaha  
Address 677 Ala Moana Blvd. Limited Partnership  
Suite 1001, Honolulu, HI 96813  
Project Name(\*): HONUAKAHA  
Address: 545 & 547 Queen Street, Honolulu, Hawaii 96813

Registration No. 3058

Effective date: October 10, 1996

Expiration date: November 10, 1997

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

\_\_\_\_\_ **FINAL:** The developer has legally created a condominium and has filed  
(white) complete information with the Commission.

- [ ] No prior reports have been issued
- [ ] Supersedes all prior public reports
- [ ] Must be read together with \_\_\_\_\_

X **SECOND SUPPLEMENTARY:** Updates information contained in the  
(pink) [ ] Prelim. Public Report dated \_\_\_\_\_  
[ X ] Final Public Report dated May 25, 1995  
[ X ] Supp. Public Report dated August 25, 1995

And [ ] Supersedes all prior public reports  
[ X ] Must be read together with Final Public Report

[ ] This report reactivates the \_\_\_\_\_  
public report(s) which expired on \_\_\_\_\_

(\*) Exactly as named in the Declaration

DISCLOSURE ABSTRACT: Separate DISCLOSURE ABSTRACT on THIS CONDOMINIUM project:

[ ] Required [X] Not Required - disclosure covered in Final Public 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 Commission.

[X] Changes made are as follows:

Completion of the Project was October 27, 1995.

The sales program has been substantially changed. The Developer has deleted the shared equity program (as described in Exhibit "K" of the Final Public Report) and has deleted all remaining restrictions on purchasing apartments other than that the purchaser be an "owner-occupant".

A new summary of the Condominium Reservation Agreement Deposit Receipt and Sales Agreement (Exhibit "I") is attached hereto.

Page 19 of the Final Public Report has also been amended by deleting all references to the above restrictions relating to buying apartments in the Project.

**NOTE:** This abbreviated Supplementary Public Report contains only pages reflecting information revised since issuance of the Final Public Report on May 26, 1995.

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IV. CONDOMINIUM MANAGEMENT

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

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

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

- not affiliated with the Developer
- the developer or the Developer's affiliate
- self-managed by the Association of Apartment Owners
- other \_\_\_\_\_

B. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and 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 L contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

See attached Disclosure Abstract (Exhibit L)

C. Utility Charges for Apartments:

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

- None
- Electricity
- Gas
- Water
- Sewer
- Television Cable
- Other telephone (common area)

See attached Disclosure Abstract (Exhibit L)

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 given an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime.
- C) Bylaws of the Association of Apartment Owners.
- D) House Rules.
- E) Condominium Map.
- F) Escrow Agreement.
- G) Hawaii's Condominium Law (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 and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107) are available at the Cashier's Office, Department of Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P.O. Box 541 Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 3058 filed with the Real Estate Commission on \_\_\_\_\_.

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

[ ] yellow paper stock [ ] white paper stock [ X ] pink paper stock

SPECIAL NOTATION

DISCLOSURE RELATING TO COMMEMORATIVE PARK

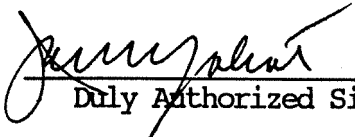
A portion of the Project Land includes an area designated on the Condominium Map as "Commemorative Park". This portion of the Project Land will be developed and landscaped, and thereafter, at the expense of the Association, maintained as a private park. Archeological studies of the Project Land have disclosed that during the 1850s, the area set aside for the Commemorative Park was used as a burial site. There will be no construction above or in the immediate vicinity of this sacred area, which will be preserved with appropriate landscaping.

D. 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.

**Hawaii Community Development Authority -AND-  
Honuakaha Limited Partnership**

\_\_\_\_\_  
Name of Developer

**HAWAII COMMUNITY DEVELOPMENT AUTHORITY**

By  10/1/96  
Duly Authorized Signatory Date

**HONUAKAHA LIMITED PARTNERSHIP**

By Hawaii Community Development Authority  
Its General partner

By  10/1/96  
Duly Authorized Signatory Date

Jan S. Yokota, Interim Executive Director  
print name & title of person signing above

Distribution:

Department of Finance, City and County of Honolulu  
Planning Department, City and County of Honolulu  
Federal Housing Administration

SECOND SUPPLEMENTARY PUBLIC REPORT

HONUAKAHA

EXHIBIT "I"

SUMMARY OF THE CONDOMINIUM RESERVATION  
AGREEMENT DEPOSIT RECEIPT AND SALES AGREEMENT

A Specimen Condominium Reservation, Deposit Receipt and Sales Agreement (the "Sales Agreement") has been submitted to the Real Estate Commission and is also available in the Sales Office of the Developer. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE SALES AGREEMENT, since this summary is NOT A COMPLETE DESCRIPTION of its provisions. The Sales Agreement, among other things, covers in more detail the following items:

1. Property being conveyed to Purchaser.

(a) Apartment Deed. Seller shall cause to be delivered by Seller to Buyer an apartment deed conveying a fee simple interest in the Apartment and an undivided interest in the common elements.

(b) Title to the Apartment. Title to the Apartment shall be conveyed subject to the following matters: (i) real property taxes and assessments not delinquent; (ii) the terms, covenants, conditions, easements, rights, reservations, agreements and other provisions mentioned or contained in the apartment deed and provisions set forth in the Declaration or the Bylaws of the Association of Apartment Owners of Honuakaha, as the same may be amended from time to time; (iii) any encumbrances which do not materially and adversely affect the use of the Apartment for its intended purposes; (iv) requirement that the Apartment be occupied by its owner for one (1) year following closing; and (v) any encumbrances approved or created by Buyer or which are mentioned or referred to in the Public Reports for the Project.

2. Interest On Funds. All funds received by Escrow may be held together with other monies received by Escrow and may be deposited by Escrow in an interest bearing account. Any interest earned on Buyer's deposits shall accrue to Seller. Buyer shall have no right to direct Escrow as to how or where the funds received by Escrow from Buyer shall be deposited or otherwise invested. No interest will be payable upon Buyer's deposits when Buyer's deposit are either refunded by Seller or returned by Seller.

3. Disbursement Of Escrow Funds To Pay For Development Costs. In order to pay for development costs of the Project, Payments A and B referred to in Section C of the Sales Agreement may be disbursed by Escrow subject to the terms of the Escrow Agreement prior to the Closing Date and the date of completion of the Project in accordance with the Hawaii Condominium Act.



4. Seller's Right to Change the Project and the Project Documents.

(i) At any time prior to the conveyance of all of the apartments in the Project to persons other than the Seller or any mortgagee of Seller, Seller reserves the right to modify the Project Documents as may be required by law, the Real Estate Commission of the State of Hawaii, a title insurance company, an institutional mortgagee or any governmental agency;

(ii) Seller reserves the right to amend or change the common interest appurtenant to, the limited common interest assigned to, the configuration of, the number of rooms of, the size of or the location of any apartment in the Project for which an apartment conveyance document has not been recorded with the Recording Office);

(iii) Seller reserves the right to subdivide any Apartment (other than a Residential Affordable Apartment) in the Project for which an apartment deed has not been recorded in the Recording Office into any number of separate apartments in accordance with the Declaration;

(iv) Seller reserves the right to require alterations of the Project (and to modify any of such Project Documents accordingly) to change the configuration of, to alter the number of rooms of, to decrease or increase the size of, or to change the location of any other apartment and/or parking area, and to make other minor changes in Buyer's Apartment, any of the other apartments, or the common elements;

(v) The Architect for the Project in his sole discretion may: (aa) make any changes he deems appropriate in the common elements of the Project (including without limitation the lobbies, the Project landscaping, the parking areas, and whether such changes relate to financial or aesthetic considerations) and (bb) may increase or decrease the thickness of any foundation, wall, column or floor slab within or outside the Apartment resulting in the room dimensions becoming smaller or larger than those shown on the Condominium Map, or resulting in a building height or elevation different from those shown on the Condominium Map or stated in the Declaration. The Architect may make changes necessary to correct any design errors or other shortcomings; and the Architect may vary the type of window glass and install different types of glass throughout the Project to achieve the best combination of energy savings and esthetics;

(vi) Seller reserves the right to deviate from the plans and specifications for the Project and to substitute materials of equal utility and service, without Buyer's consent or approval, subject, however, to the above provisions. Seller may increase or decrease the number of parking stalls (other than any stalls which may be assigned to the Apartment); and

(vii) Notwithstanding subparagraphs (i), (ii), (iii) (iv) or (v) above, no modification as provided therein shall (aa) increase Buyer's share of common expenses or allocated share of limited common expenses without his consent; or (bb) reduce the obligations of Seller for common expenses on unsold apartments; or (cc) render unenforceable the Buyer's Mortgage Loan Commitment; or (dd) increase the Total Purchase Price of the Apartment; or (ee) directly, substantially and adversely affect the use or the value of the Apartment or limited common elements appurtenant thereto or the amenities of the Project available for Buyer's use.

5. Seller's Reserved Rights. The Sales Agreement sets forth certain rights and certain other provisions under which Buyer consents to certain actions by Seller and others. Such include, without limitation, the following:

(a) Seller and Seller's mortgage lender have the right to conduct extensive activities until December 31, 1999, on or from the Project, including the common elements, in connection with the sale or leasing of the Apartments in the Project, including the use of model apartments, sales, leasing and management offices, parking stalls and extensive sales and leasing displays and other activities. These rights and easements may exist until all of the apartments in the Project are sold or leased.

(b) Seller has reserved the right to grant rights of way and other easements over, under, across, or through the common elements for any reasonable purpose.

(c) Seller has reserved an easement over and upon any portion of the Project, including the common elements and any Apartment, as may be reasonably necessary for the completion of any improvements to and correction of defects and other punch-list items in the common elements or any apartment in the Project.

7. No Present Transfer; Subordination to Construction Loan. The Sales Agreement is not to be construed as a present transfer of any interest in the Apartment but rather it is an agreement to transfer in the future. Buyer is required to acknowledge that Seller has entered into or may enter in the future into a Construction Mortgage Loan with an institutional construction lender pursuant to which the Construction Lender may loan or has loaned funds to Seller to cover construction costs

and other associated costs of the Project. To secure the Loan, Seller has granted or will grant to the Lender security interests covering the Seller's interest in the Project Land and the Project, including the Apartment covered by the Sales Agreement. All security interests obtained by the Lender in connection with the Construction Mortgage Loan, as well as any extensions, renewals and modifications of the security interests, shall be and remain at all times, until the final closing and delivery by Seller of the conveyance document to Buyer, a lien or charge on the Project, including the Apartment, prior to and superior to any and all liens or charges on the Project arising from the Sales Agreement or any prior agreement. BUYER INTENTIONALLY WAIVES, RELINQUISHES AND SUBORDINATES THE PRIORITY OR SUPERIORITY OF ANY LIEN OR OTHER LEGAL OR EQUITABLE INTEREST ARISING UNDER THE SALES AGREEMENT IN FAVOR OF THE LIEN OR CHARGE ON THE PROJECT OR THE SECURITY INTERESTS OF THE CONSTRUCTION LENDER.

8. Omitted Intentionally.

9. Limited Warranty.

(a) Project Construction Agreement. Seller warrants the materials and workmanship of the Apartment against defects for a period of one (1) year from the Closing Date or the date of occupancy (whichever first occurs); provided, however, that said warranty shall in no event be for a period less than one (1) year from the date of completion of the Apartment.

(b) Manufacturer's and Dealer's Warranties. The closing of the sale of the Apartment shall also constitute the assignment without recourse by Seller to Buyer, for the unexpired term, if any, of any manufacturer's or dealer's warranties covering any furnishings, fixtures and appliances that are part of the Apartment.

(c) Disclaimer of Warranties. Except for the agreements set forth above. There are no warranties which extend beyond the description on the face of the Sales Agreement. DEVELOPER MAKES NO WARRANTIES OR PROMISES OF "MERCHANTABILITY", "HABITABILITY", "WORKMANLIKE CONSTRUCTION" OR "FITNESS FOR A PARTICULAR USE OR PURPOSE" OR ANY OTHER WARRANTIES OR PROMISES OF ANY KIND, EXPRESS OR IMPLIED, ABOUT THE APARTMENT, OR THE PROJECT (INCLUDING THE COMMON ELEMENTS AND LIMITED COMMON ELEMENTS OF THE PROJECT, OR ABOUT ANY FURNISHINGS, FIXTURES, APPLIANCES OR OTHER CONSUMER PRODUCTS OR ANYTHING ELSE INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE APARTMENT, OR THE PROJECT (INCLUDING THE COMMON ELEMENTS AND LIMITED COMMON ELEMENTS THEREOF)).

10. Financing of Purchase.

(a) Buyer represents in the Sales Agreement that Buyer is financially capable of making, when due, all of the payments required to be made under the Sales Agreement.

(b) Buyer's Obligation to Seek a Loan Commitment. If financing to purchase the Apartment is required by Buyer and Buyer shall not already have applied for mortgage financing, then Buyer is required within ten (10) days from the date of his execution of the Sales Agreement to apply for mortgage financing from a financial institution or other institutional lender authorized to make mortgage loans in the State of Hawaii. Seller shall have no obligation to arrange for Buyer's mortgage financing.

(c) Buyer Shall Provide Evidence of Funds to Make Payments. As a condition of Buyer's offer, Buyer is also required, if Buyer shall not have previously done so, within ten (10) days from the date of Buyer's execution of the Sales Agreement to give Seller evidence of Buyer's ability to pay the Total Purchase Price (less any amounts to be paid from a mortgage approved by Seller) at the times specified in the Sales Agreement. If Seller rejects Buyer's evidence of Buyer's ability to pay as unacceptable, Seller shall notify Buyer of such rejection in writing within fifteen (15) days of Seller's receipt of such evidence of Buyer's ability to pay, in which case Buyer's offer to buy the Apartment shall be deemed rejected by Seller and shall be null and void.

(d) Seller's Rights Upon Failure to Obtain a Mortgage Loan. If any of the following occurs:

(i) Buyer fails to obtain pre-qualification approval by a Mortgage Lender (which approval may be subject to verification of loan application items, credit report and property appraisal) that Buyer is qualified for the Mortgage Loan within thirty (30) days from the Seller has accepted the Sales Agreement.

(ii) Buyer fails to provide evidence of Buyer's ability to pay the cash portion of the purchase price to Seller or any proposed Mortgage Lender within ten (10) days of request thereof by said proposed mortgage lender or Seller.

(iii) Seller, in its sole discretion, after reviewing the written evidence of Buyer's ability to pay determines Seller is not satisfied as to Buyer's ability to make the cash Payments.

(iv) Buyer fails to obtain adequate financing or a Mortgage Loan commitment for adequate financing within sixty (60) days from the date that Seller has notified Buyer to obtain a Mortgage Loan commitment.

In any of the foregoing events, Seller may cancel the Sales Agreement by giving written notice to Buyer. Escrow shall refund to Buyer all sums paid hereunder by Buyer, without

interest. If Seller elects to cancel the Sales Agreement for the reasons set forth in this paragraph, Seller shall not be liable for any damages Buyer may suffer as result of such cancellation.

(e) Buyer's Rights Upon Failure to Obtain Mortgage Loan. If Buyer has failed to obtain (i) the pre-qualification approval within thirty (30) days from the date Seller has accepted the Sales Agreement, despite diligent efforts to do so, or (ii) adequate financing or a Mortgage Loan Commitment for adequate financing within sixty (60) days from the date that Seller has notified Buyer to obtain a Mortgage Loan commitment, then, in either event, Buyer may cancel the Sales Agreement. Upon such cancellation, Seller shall direct Escrow to refund to Buyer all sums paid hereunder by Buyer, without interest.

11. Owner-Occupant Requirements. Seller will sell the Apartment only to a buyer who indicates an intention to be an owner-occupant. A Buyer may qualify as an owner-occupant purchaser by signing an Owner-Occupant Affidavit. In the event Buyer enters into the Sales Agreement as an owner-occupant, then Buyer shall be required to re-affirm upon the prospective owner-occupant's execution of receipt for a Final Public Report of such person's intent to be an owner-occupant. If Buyer is unable to make such reaffirmation, then, at Seller's request, Buyer shall be required to rescind the Sales Agreement. In the event of such rescission, Seller may retain the Buyer's deposit as liquidated damages or exercise the remedies provided for in the Sales Agreement and any other remedies provided by law. If Buyer has signed an Owner-Occupant Affidavit, failure to make the reaffirmation shall constitute a breach by Buyer of his obligations under the Sales Agreement.

12. Closing Obligations.

(a) Closing. The term "Scheduled Closing Date" means the date set forth in the Sales Agreement.

(b) Payment of Cash Portions of the Purchase Price. Buyer agrees that on or prior to the Scheduled Closing Date, Buyer shall pay into Escrow the following sums by either a cashier's check or wired funds.

(i) The remaining portion of the Total Purchase Price which Buyer shall not have already paid; provided, however, the proceeds from any Mortgage Loan shall be deposited with Escrow one (1) business day before the Scheduled Closing Date; and

(ii) Buyer's share of the closing costs provided for in Paragraph F.18(e)(i) of the Sales Agreement; and

(iii) All other additional costs and expenses provided for in Paragraph F.18(f) of the Sales Agreement; and

(iv) All other sums of money which Buyer is required to pay under the Sales Agreement and which Buyer shall not have yet paid.

(c) Closing Costs and Prorations. Buyer is required to pay for the following closing costs: (aa) Buyer's notary fees; (bb) the cost of title reports and premiums for title insurance requested by Buyer; (cc) any fees or charges pertaining to Buyer's use of the Apartment, including telephone installation and cable television connections; (dd) one-half of Escrow's fees; and (ee) any other closing costs not mentioned above which are customarily paid or incurred by the Buyer in connection with the purchase and sale of Hawaii residential real estate.

Seller shall pay for the following closing costs: (aa) Seller's notary fees; (bb) the cost of preparation and recording the Apartment Deed; (cc) the cost of providing evidence of title to the Apartment; (dd) conveyance taxes, if any; (ee) one-half of Escrow's fees; and (ff) any other closing costs not mentioned above which are customarily paid or incurred by the Seller in connection with the purchase and sale of Hawaii residential real estate.

(d) Prepayment of Common Expenses and Start-Up Fees. In addition to the closing costs and the prorations above, Buyer shall also pay at closing (i) the estimated common expenses and Residential Building limited common expenses allocable to the Apartment for the first two months after the Scheduled Closing Date and (ii) a non-refundable and non-transferable "start up fee" equal to two (2) months' estimated common expenses and Residential Building limited common expenses.

13. Time of the Essence; Remedies on Default.

(a) Time of the Essence and Non-Waiver. Time is of the essence of the obligations of Buyer under the Sales Agreement.

(b) Seller's Remedies on Buyer's Default. Buyer shall be in default if Buyer fails to make a payment when due or if Buyer fails to perform any other required obligation (other than relating to the making of payment) and such other failure continues for fifteen (15) days after Seller gives written notice to Buyer of such failure. In the event of any such default, Seller may, at Seller's option and in addition to any other rights contained in the Sales Agreement, do any one or more of the following:

(i) Seller may terminate the Sales Agreement. In view of Seller's financial commitments with respect to the Project; the connection between the sale, cancellation or default with respect to one apartment and the sale, cancellation

or default with respect to other apartments in the Project; and the nature of the real estate market in Hawaii, that the injury to Seller will be uncertain as to nature and amount and difficult to ascertain. As a reasonable estimate of Seller's damages resulting from such default, the parties agree in the Sales Agreement that the sums previously paid by Buyer under the Agreement shall at Seller's option belong to Seller as liquidated damages. It is understood that the damages suffered by Seller by virtue of a default later in time will likely be greater than such a default occurring at an earlier point in time;

(ii) Seller may also file a lawsuit for damages;

(iii) Seller may also file a lawsuit for specific performance;

(iv) Seller may also pursue any other remedy permitted at law or in equity.

(v) All costs, including reasonable attorneys fees, incurred by Seller by reason of default by Buyer shall be paid by Buyer promptly upon Seller's demand.

(c) Buyer's Remedies on Seller's Default. If Seller shall default in the performance of any obligation required of Seller, Buyer shall be entitled to specific performance of the Sales Agreement (unless the Agreement is only a "reservation") or Buyer shall have the right to cancel and terminate the Sales Agreement.

(d) Late Payment. In the event of any default with respect to any payment hereunder, in addition to any other remedies permitted under the Sales Agreement a late charge of one percent (1%) per month (provided such shall not exceed the highest rate as may be permitted by law), prorated on a 30-day month basis, shall accrue from the due date of such payment until such payment together with such late charges, is paid.

14. Common Expenses. In the Sales Agreement, Buyer acknowledges that the estimates of the common expenses and applicable limited common expenses set forth in Seller's Public Report for the Project are only estimates which are likely to change and do not constitute the representations or warranties by Seller or anyone else. Buyer further acknowledges future taxes and maintenance costs are difficult to predict with any accuracy. BUYER AGREES THAT SUCH ESTIMATES ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE ANY REPRESENTATIONS OR WARRANTY BY SELLER, INCLUDING BUT NOT LIMITED TO ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OF SUCH ESTIMATES.

15. Use of the Apartment.

(a) Permitted Uses. Each Residential Apartment is no longer subject to those restrictions (which were summarized in Exhibit "K" previously attached thereto). The Apartment may be used only for residential and accessory purposes until the expiration of one year from purchase of the Apartment. Thereafter, the owner of the Apartment will have the right to rent or lease, or otherwise permit the use of their Apartment for any length or periods of time.

16. Omitted Intentionally.

17. Arbitration. In the event Buyer shall have a claim against Seller or Seller's agents or representatives (the "Development Team Members"), or if Seller shall have a claim against Buyer arising out of or in any way connected with the Sales Agreement or the design, development, construction, sale, marketing, financing or any other activity relating to the Apartment or the Project, the claims shall be submitted for resolution in Honolulu, Hawaii by a single arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The arbitration shall also be governed by the applicable provisions of Chapter 658 of the Hawaii Revised Statutes, as amended. Other terms and conditions of such arbitration are set forth in Paragraph 35 of the Sales Agreement.