

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[X] Required [] Not Required - disclosures covered in this report.
as Exhibit "I"

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.

[X] No prior reports have been issued by the Commission.

[] Changes made are as follows:

Waikiki Shore was formerly a cooperative apartment project, which is now being converted into a condominium project by Waikiki Shore, Inc.

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EXHIBIT A: Apartment Types and Areas
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EXHIBIT I: Disclosure Abstract
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and K-1: Letters from Building Dept. of the City and County of Honolulu
EXHIBIT L: Limitation on Changes to Condominium Documents

General Information on Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Waikiki Shore, Inc.
Name
2161 Kalia Road
Business Address
Honolulu, Hawaii 96815

Phone: (808) 923-7245
(Business)

Names of officers or general partners of developers who are corporations or partnerships:

<u>Rich Elliott</u>	<u>-</u>	<u>President</u>
<u>June Kukolsky</u>	<u>-</u>	<u>Vice President</u>
<u>Sandy Bobay</u>	<u>-</u>	<u>Secretary</u>
<u>Neil R. Brixon</u>	<u>-</u>	<u>Treasurer</u>

Real Estate

Broker: Madeline Gorland and Associates
Name
1600 Kapiolani Blvd., #1307
Business Address
Honolulu, Hawaii 96814

Phone: (808) 947-5112
(Business)

Escrow: Long & Melone Escrow Services, Ltd.
Name
1001 Bishop Street, Pacific Tower Suite 2770
Business Address
Honolulu, Hawaii 96813

Phone: (808) 523-2358
(Business)

General

Contractor: N/A
Name

Business Address

Phone: _____
(Business)

Condominium

Managing

Agent: Certified Management, Inc.
Name
3179 Koapaka Street, 2nd Floor
Business Address
Honolulu, Hawaii 96819-1927

Phone: (808) 923-7245
(Business)

Attorney for

Developer: Jeffrey S. Grad
Name
841 Bishop Street, Suite 2001
Business Address
Honolulu, Hawaii 96813

Phone: (808) 521-4757
(Business)

11. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances - Document No. _____
Book _____ Page _____
 Filed - Land Court - Document No. 2203671

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

B. Condominium Map (File Plan) shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. _____
 Filed - Land Court Condo Map No. 1060

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

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances - Document No. _____
 Filed - Land Court Condo Map No. 2203672

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

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

The House Rules for this condominium are:
 Proposed Adopted Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75% *	<u>75%</u> with certain limitations (see Exhibit "M")
Bylaws	65%	<u>65%</u> with certain limitations (see Exhibit "M")
House Rules	--	<u>Board of Directors</u>

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

2. **Developer:**

- No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.
- Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules.

See attached Exhibit "B"

A. Interest to be Conveyed to Buyer:

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

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

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

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit A contains a schedule of the lease rent for each apartment per Month Year.

For Subleaseholds:

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

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

Individual Apartment in Fee Simple; Common Interest in the Underlying Land in Leasehold or Subleasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

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

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

[] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 2161 Kalia Road Tax Map Key: (1) 2-6-4-12
Honolulu, Hawaii 96815 (TMK)

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

Land Area: 26,389 [X] square feet [] acre(s) Zoning: **Hotel/Resort**

Fee Owner: Waikiki Shore, Inc. Name
2161 Kalia Road, Suite 400 Address
Honolulu, Hawaii 96815

-and-

HRT, LTD.
 3660 Waialae Road
 Honolulu, Hawaii 96815
 (HRT, Ltd., owns an undivided 10% interest in the land, however, Waikiki Shore, Inc. is the sole developer of this condominium conversion project. If HRT, Ltd. conveys its 10% undivided interest in the land, then the Apartment Deed will be issued by Waikiki Shore, Inc. and not HRT, Ltd.).

Sublessor: _____

 Address

C. Buildings and Other Improvements:

1. New Building(s) Conversion of Existing Building(s)
 Both New Building(s) and Conversion
2. Number of Buildings: 1 Floors Per Building 15 above grade and a basement below grade
 Exhibit _____ contains further explanations.
3. Principal Construction Material:
 Concrete Hollow Tile Wood
 Other steel frame

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning	No. of Apts.	Use Determined By Zoning
<input checked="" type="checkbox"/> Residential	<u>168</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Commercial	<u>1</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

5. Special Use Restrictions:

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

- Pets: No pets are allowed on the premises.
- Number of Occupants: _____
- Other: _____
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators 2 Stairways Various Trash Chutes -0-

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>Commercial Apt. 1</u>	<u>1</u>	<u>--</u>	<u>7,217</u>	<u> </u>
<u>Residential Apartments</u>	<u>168 (see attached Exhibit "A" for further details)</u>			
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 169

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

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

Boundaries of Each Apartment:

Each Apartment shall be deemed to include all walls and partitions which are not load bearing within its perimeter or party walls, (or the imaginary vertical plane (where there is no perimeter wall), doors and door frames, windows and window frames, louvers (if any), shutters (if any), panels, the inner decorated and finished surfaces of all walls, floors and ceilings, the lanais shown on the Condominium Map to the inner decorated or finished surfaces of the exterior surfaces of the exterior perimeter walls of such lanais and to the exterior edge of the exterior railings or other boundaries of such lanais, and all fixtures originally installed therein. The respective Apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter or party walls or interior load-bearing walls, or partitions, the foundations, columns, girders, beams floor slabs, support floors and ceilings surrounding each such Apartment, or any pipes, wires, vents, shafts, ducts, conduits or other utility or service lines running through such Apartment which are utilized for or serve more than one Apartment or the common elements.

Permitted Alterations to Apartments:

See attached Exhibit "C"

7. PARKING STALLS:

Total Parking Stalls: 83

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each units)	_____	_____	_____	_____	_____	_____	_____
	<u>SEE ATTACHED EXHIBIT "A"</u>						
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open	_____	_____	_____	_____	_____	_____	_____

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

* Commercial Apartment 1 and some of the Residential Apartments have the exclusive use of certain assigned parking stalls as shown on Exhibit A; however, some Residential Apartments do not have any parking stall assigned to it.

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute

Other: lobby, Resort Management Area, Resident Manager's Office

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

There are no violations. Violations will not be cured.

Violations and cost to cure Violations will be cured by _____ are listed below.

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

(For conversions of residential apartments in existence for at least five years):

The structural components and the mechanical and electrical installations material to the use and enjoyment of the Project are described in reports from a structural engineer, electrical engineer, mechanical engineer and architect which are attached herein as Exhibit "J".

11. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

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

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

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	_____	<u> X * </u>	_____
Structures	<u> X </u>	_____	_____
Lot	<u> X </u>	_____	_____

* See attached letter from Building Department of the City and County of Honolulu (Exhibit "K") and Page 20a, Item No. 5

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

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

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

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

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

described in Exhibit D .

as follows:

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

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

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

[x] described in Exhibit E

[] as follows:

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

[X] described in Exhibit A.

[] as follows:

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

Exhibit F describes the encumbrances against the title contained in the title report dated May 11, 1995 and issued by Title Guaranty of Hawaii, Inc..

Blanket Liens:

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

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

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

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

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

F. Construction Warranties:

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

1. Building and Other Improvements:

Purchaser understands that the Building was built about 40 years ago. Seller is selling the Project together with the appliances and other personal property in "as is" condition. The Seller is giving no warranties to Purchaser with respect to the construction, materials or workmanship of the Project.

2. Appliances:

None

G. Status of Construction and Estimated Completion Date:

The Project was constructed about 40 years ago and has been renovated from time to time since.

H. Project Phases:

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

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

I. Subdivision of Commercial Apartment 1:

Pursuant to paragraph 21(b) of the Declaration, the Owner of Commercial Apartment 1 has the right to lease, sublease or "subdivide" all or portions of Commercial Apartment 1 and any and all appurtenant limited common elements, including parking stalls. Exhibit "C" sets forth the provisions of paragraph 21(b).

A. Sales Documents Filed With the Real Estate Commission:

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

[X] Notice to Owner Occupants

[x] Specimen Sales Contract

Exhibit G contains a summary of the pertinent provisions of the sales contract.

[x] Escrow Agreement dated April 21, 1994

Exhibit H contains a summary of the pertinent provisions of the escrow agreement.

[] Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

Final Report, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

A) The Developer delivers to the buyer a copy of:

- 1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;

AND

- 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); AND

C) One of the following has occurred:

- 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
- 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
- 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

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

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

2., Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. these include but are not limited to the:

- A) Condominium Public Reports issued by the Developer which have been 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. 3346 filed with the Real Estate Commission on May 19, 1995.

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C. Additional Information Not Covered Above

1. The specimen Apartment Deed will provide that the Developer and/or HRT, Ltd. disclaim any promises or representations or other statements to the condition of the Apartments or of the Project, or of any improvements, on, in or under the Apartments or in the Project. By way of illustration (but not limitation), Developer and/or HRT, Ltd. make no promises or statements about:

A. The construction, structural soundness, condition or state of repair, operating order, safety or livability of any improvements in or within the Apartment or the Project;

B. The suitability of any improvements for any particular use;

C. Whether or not the Apartment, the Project or any improvements meet the requirements of any building, health, zoning, land use, subdivision, setback or other law, ordinance, rule or regulation which may apply;

D. Whether or not any easement, right-of-way or driveway meets the requirements of any building, health, zoning, land use, subdivision, setback or other law, ordinance, rule or regulation which may apply;

E. The density, stability, structure, erosion or other condition of the Project's soil for building or any other use;

F. Whether any improvements on or under the Project encroach over the boundary lines of any land which shares a boundary with the Project;

G. Whether any improvements on or under land which shares a boundary with the Project encroach over the boundary lines of the Project;

H. Any matter concerning the electrical, water, gas, plumbing or sewer systems (if any);

I. Any staking or survey done by any person; and

J. The location of the seaward boundary or the area of the Project if the Project borders the sea.

The Specimen Apartment Deed which the Buyer should be required to sign, shall also contain language to the effect that the Buyer, as Grantee of the Apartment agrees that Waikiki Shore, Inc., the Grantor, is the Developer of the condominium conversion project and that HRT, Ltd. as executed the Declaration only for the purpose of submitting the land and improvements thereon to a condominium property regime in accordance with the laws of the State of Hawaii, and that a Buyer of an apartment shall look solely to Waikiki Shore, Inc. and not to HRT, Ltd. with respect to any and all claims whatsoever concerning all aspects of the condominium project, including without limitations, all matters pertaining to the land, the building and improvements, all of the condominium documents whatsoever, the public reports, the Condominium Map and all matters set forth or related to each of the above, and that the Buyer shall fully indemnify HRT, Ltd. against any and all of the above-stated claims whatsoever, save and except as to claims of HRT, Ltd. as to its improvements made to Commercial Apartment 1, and Apartments 215, 214, 212, 210, 208, 206, 205, 204, 202 and 200.

2. CONVERSION OF THE PROJECT TO CONDOMINIUM AND INSURABILITY. It shall be a condition to Seller's and Buyer's obligations under the Sales Agreement that Seller shall have caused the Project to be converted from a cooperative to a condominium form of ownership and that the Project's title insurer shall have issued its commitment to insure the title to be acquired by Buyer hereunder. If the foregoing commitment shall not have been satisfied within one year after the parties enter into the Sales Agreement, then the period for meeting such condition shall be extended for consecutive periods of ninety (90) days each unless either party shall have given the other party written notice of its election to terminate the Sales Agreement in which event the Sales Agreement shall be deemed cancelled and escrow shall cause Buyer's deposits to be returned to Buyer without interest.

3. Non-Liability of HRT, Ltd. Paragraph 32 of the Declaration states: "The parties hereto expressly acknowledge and declare that HRT, Ltd. has joined in this Declaration only for the purpose of submitting the land and improvements thereon to a condominium property regime in accordance with the laws of the State of Hawaii, that the Project is the consequence of a development undertaken solely by the Developer, that said HRT did not exercise any control over said development, and that HRT shall not be responsible for any design or construction defects of said development or for any other claims or liabilities arising therefrom or for any redesign or for any reconstruction or repair thereafter".

A Buyer should understand that HRT, Ltd. is not liable or responsible to Buyer or anyone else for any design or construction defects in the Project or any claims or liabilities arising therefrom or for any redesign or for any reconstruction or repair to the Project. Buyer should also be aware that HRT, Ltd. did not develop, construct or build the buildings and improvements in the Project.

4. Restrictions on Actions of Associations of Apartment Owners or the Board of Directors. Paragraph 24 of the Declaration states in pertinent part: Notwithstanding any provisions in the Declaration to the contrary, no action of the Association of Apartment Owners or the Board of Directors shall: (a) in any way affect the rights of the Owner of Commercial Apartment 1, including any appurtenant limited common elements, in any way or manner as may be allowed by applicable laws, rules and regulations; (b) in any way cause or bring about any partition suit of any kind whatsoever or rights and remedies thereunder; (c) in any way diminish any of the rights whatsoever that the Owner of Commercial Apartment 1 has pursuant to this Declaration, including without limitation, the right to lease, sublease or "subdivide" pursuant to paragraph 21(b) hereof all or portions of Commercial Apartment 1 and any and all appurtenant limited common elements, including parking stalls, and the right to receive all rents and all other charges from said Commercial Apartment 1; (d) in any way restrict or limit the Owner of Commercial Apartment 1 from using the parking stalls appurtenant to said apartment in the same manner and for the same purposes that said parking stalls were being used prior to the date of this Declaration; (e) in any way restrict, limit, impair, change or adversely affect the exclusive use and enjoyment by Commercial Apartment 1 of the Commercial Apartment Walkway Easements, provided that nothing contained herein shall prevent the Board of Directors from making assessments against Commercial Apartment 1 in accordance with this Declaration and Bylaws or imposing general rules and regulations for the general operation of the Project; (f) in any way allow anything to be built over and above, protrude into or hung within the Commercial Apartment Walkway Easements; and (g) in any way allow any window or any other type of opening to be installed and/or constructed at the makai end of the third floor of the Building.

5. The City and County of Honolulu's Building Department states that the 159 dwelling units are non-conforming uses in the resort hotel precinct. Therefore, if the building is destroyed by any means to an extent of more than 50% of its replacement value at the time of destruction, it shall not be reconstructed except in conformity with the provisions of Sections 3.120 and 3.130 of the Land Use Ordinance. The Developer has not applied for an Existing Use Permit or sought a variance.

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.

Waikiki Shore, Inc.

Name of Developer

By June H. Kekalsky May 9, 1995
Duly Authorized Signatory Date

Vice President

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

EXHIBIT "A"

<u>Unit#</u>	<u>Unit Type</u>	<u>Net Living (or interior) Area(sf)</u>	<u>Lanai (sf)</u>	<u>Total (sf)</u>	<u>%Und. Int.</u>	<u>Parking Stall</u>	<u>Lease Rent</u>
100	Commercial Apartment 1	7217	-0-	7217	5.18	D1 to D12, D14, D15	
200	1 Bed/2 Bath	679	218	897	0.64		
202	1 Bed/2 Bath	1194	345	1593	1.13		
204	1 Bed/1 Bath	478	125	603	0.43		
205	1 Bed/1 Bath	498	61	559	0.39		
206	1 Bed/1 Bath	474	61	535	0.37		
208	1 Bed/1 Bath	500	124	624	0.44		
210	1 Bed/1 Bath	500	124	624	0.44		
212	1 Bed/1 Bath	474	61	535	0.37		
214	1 Bed/1 Bath	527	61	588	0.41		
215	1 Bed/1 Bath	585	249	834	0.59	D13	
216	1 Bed/1 Bath	702	124	826	0.58		\$851.83
218	1 Bed/1 Bath	743	130	873	0.61	B23,B181, B183	
302	1 Bed/1 Bath	708	124	832	0.58		\$851.83
303	1 Bed/1 Bath	692	124	816	0.57		\$851.83
304	Studio	350	61	411	0.29		\$567.88
305	Studio	347	61	408	0.29		\$567.88
306	1 Bed/1 Bath	706	124	830	0.59		\$851.83
308	1 Bed/1 Bath	706	124	830	0.59		\$851.83
310	1 Bed/1 Bath	706	124	830	0.59		\$851.83
312	1 Bed/1 Bath	706	124	830	0.59	B121	\$851.83
314	Studio	347	61	408	0.29		\$567.88
315	Studio	350	61	411	0.29		\$567.88
316	1 Bed/1 Bath	708	124	832	0.58		\$851.83
318	2 Bed/1 Bath	932	160	1092	0.77		\$1277.74
400	2 Bed/2 Bath	1158	348	1506	1.07	B3	\$1703.65
402	2 Bed/2 Bath	1061	186	1247	0.88	B43	\$1277.74
404	Studio	356	61	417	0.30		\$567.88
405	Studio	347	61	408	0.29		\$567.88
406	1 Bed/1 Bath	706	124	830	0.59	B185	\$851.83
408	1 Bed/1 Bath	706	124	830	0.59		\$851.83
410	1 Bed/1 Bath	706	124	830	0.59		\$851.83
412	1 Bed/1 Bath	706	124	830	0.59		\$851.83
414	Studio	347	61	408	0.29		\$567.88
415	Studio	356	61	417	0.30		\$567.88
416	1 Bed/1 Bath	713	124	837	0.59		\$851.83
418	2 Bed/1 Bath	932	160	1092	0.77		\$1277.74

<u>Unit#</u>	<u>Unit Type</u>	<u>Net Living (or interior) Area(sf)</u>	<u>Lanai (sf)</u>	<u>Total (sf)</u>	<u>%Und. Int.</u>	<u>Parking Stall</u>	<u>Lease Rent</u>
500	2 Bed/2 Bath	1158	348	1506	1.07	B133	\$1703.65
502	2 Bed/2 Bath	1061	186	1247	0.88	B111	\$1277.74
504	Studio	356	61	417	0.30		\$567.88
505	Studio	347	61	408	0.29		\$567.88
506	1 Bed/1 Bath	706	124	830	0.59	B113	\$851.83
508	1 Bed/1 Bath	706	124	830	0.59		\$851.83
510	1 Bed/1 Bath	706	124	830	0.59		\$851.83
512	1 Bed/1 Bath	706	124	830	0.59		\$851.83
514	Studio	347	61	408	0.29		\$567.88
515	Studio	356	61	417	0.30		\$567.88
516	1 Bed/1 Bath	713	124	837	0.59		\$851.83
518	2 Bed/1 Bath	932	160	1092	0.77		\$1277.74
600	2 Bed/2 Bath	1158	348	1506	1.07	B122,B132	\$1703.65
602	2 Bed/2 Bath	1061	186	1247	0.88	B93	\$1277.74
604	Studio	360	61	421	0.30		\$567.88
605	Studio	347	61	408	0.29		\$567.88
606	1 Bed/1 Bath	706	124	830	0.59		\$851.83
608	1 Bed/1 Bath	706	124	830	0.59	B101	\$851.83
610	1 Bed/1 Bath	706	124	830	0.59	B51	\$851.83
612	1 Bed/1 Bath	706	124	830	0.59		\$851.83
614	Studio	347	61	408	0.29		\$567.88
615	Studio	356	61	417	0.30		\$567.88
616	1 Bed/1 Bath	813	--	813	0.57		\$851.83
618	2 Bed/1 Bath	932	160	1092	0.77	B53	\$1277.74
700	2 Bed/2 Bath	1158	348	1506	1.07	B161	\$1703.65
702	2 Bed/2 Bath	1061	186	1247	0.88		\$1277.74
704	Studio	356	61	417	0.30		\$567.88
705	Studio	347	61	408	0.29		\$567.88
706	1 Bed/1 Bath	706	124	830	0.59	B92	\$851.83
708	1 Bed/1 Bath	706	124	830	0.59		\$851.83
710	1 Bed/1 Bath	706	124	830	0.59		\$851.83
712	1 Bed/1 Bath	706	124	830	0.59	B145	\$851.83
714	Studio	347	61	408	0.29		\$567.88
715	Studio	356	61	417	0.30		\$567.88
716	1 Bed/1 Bath	713	124	837	0.59		\$851.83
718	2 Bed/1 Bath	932	160	1092	0.77		\$1277.74
800	2 Bed/2 Bath	1158	348	1506	1.07	B12	\$1703.65
802	2 Bed/2 Bath	1061	186	1247	0.88	B125	\$1277.74
804	Studio	356	61	417	0.30		\$567.88
805	Studio	347	61	408	0.29		\$567.88
806	1 Bed/1 Bath	706	124	830	0.59		\$851.83
808	1 Bed/1 Bath	706	124	830	0.59		\$851.83
810	1 Bed/1 Bath	706	124	830	0.59	B62	\$851.83
812	1 Bed/1 Bath	706	124	830	0.59	B82	\$851.83
814	Studio	347	61	408	0.29		\$567.88

<u>Unit#</u>	<u>Unit Type</u>	<u>Net Living (or interior) Area(sf)</u>	<u>Lanai (sf)</u>	<u>Total (sf)</u>	<u>%Und. Int.</u>	<u>Parking Stall</u>	<u>Lease Rent</u>
815	Studio	356	61	417	0.30		\$567.88
816	1 Bed/1 Bath	707	124	831	0.58		\$851.83
818	2 Bed/1 Bath	932	160	1092	0.77		\$1277.74
900	2 Bed/2 Bath	1158	348	1506	1.07		\$1703.65
902	2 Bed/2 Bath	1065	186	1251	0.88		\$1277.74
904	Studio	360	61	421	0.30		\$567.88
905	Studio	347	61	408	0.29		\$567.88
906	1 Bed/1 Bath	706	124	830	0.59	B182	\$851.83
908	1 Bed/1 Bath	706	124	830	0.59		\$851.83
910	1 Bed/1 Bath	706	124	830	0.59		\$851.83
912	1 Bed/1 Bath	706	124	830	0.59	B21	\$851.83
914	Studio	347	61	408	0.29	B72	\$567.88
915	Studio	360	61	421	0.30		\$567.88
916	1 Bed/1 Bath	717	124	841	0.59		\$851.83
918	2 Bed/1 Bath	932	160	1092	0.77	B45	\$1277.74
1000	2 Bed/2 Bath	1158	348	1506	1.07	B135	\$1703.65
1002	2 Bed/2 Bath	1065	186	1251	0.88	B42, B162	\$1277.74
1004	Studio	360	61	421	0.30		\$567.88
1005	Studio	347	61	408	0.29		\$567.88
1006	1 Bed/1 Bath	706	124	830	0.59	B103	\$851.83
1008	1 Bed/1 Bath	706	124	830	0.59	B112	\$851.83
1010	1 Bed/1 Bath	706	124	830	0.59	B115	\$851.83
1012	1 Bed/1 Bath	706	124	830	0.59		\$851.83
1014	Studio	347	61	408	0.29		\$567.88
1015	Studio	360	61	421	0.30		\$567.88
1016	1 Bed/1 Bath	717	124	841	0.59		\$851.83
1018	2 Bed/1 Bath	932	160	1092	0.77	B31	\$1277.74
1100	2 Bed/2 Bath	1158	348	1506	1.07	B73	\$1703.65
1102	2 Bed/2 Bath	1065	186	1251	0.88	B172	\$1277.74
1104	Studio	360	61	421	0.30		\$567.88
1105	Studio	347	61	408	0.29		\$567.88
1106	1 Bed/1 Bath	706	124	830	0.59	B11	\$851.83
1108	1 Bed/1 Bath	706	124	830	0.59	B52	\$851.83
1110	1 Bed/1 Bath	706	124	830	0.59		\$851.83
1112	1 Bed/1 Bath	706	124	830	0.59	B61	\$851.83
1114	Studio	347	61	408	0.29	B123	\$567.88
1115	Studio	360	61	421	0.30		\$567.88
1116	1 Bed/1 Bath	717	124	841	0.59		\$851.83
1118	2 Bed/1 Bath	932	160	1092	0.77		\$1277.74

<u>Unit#</u>	<u>Unit Type</u>	<u>Net Living (or interior) Area(sf)</u>	<u>Lanai (sf)</u>	<u>Total (sf)</u>	<u>%Und. Int.</u>	<u>Parking Stall</u>	<u>Lease Rent</u>
1200	2 Bed/2 Bath	1158	348	1506	1.07	B173,B175	\$1703.65
1202	2 Bed/2 Bath	1065	186	1251	0.88	B165	\$1277.74
1204	Studio	360	61	421	0.30		\$567.88
1205	Studio	347	61	408	0.29		\$567.88
1206	1 Bed/1 Bath	706	124	830	0.59		\$851.83
1208	1 Bed/1 Bath	805	--	805	0.57		\$851.83
1210	1 Bed/1 Bath	706	124	830	0.59	B131	\$851.83
1212	1 Bed/1 Bath	706	124	830	0.59	B63	\$851.83
1214	Studio	347	61	408	0.29		\$567.88
1215	Studio	360	61	421	0.30		\$567.88
1216	1 Bed/1 Bath	717	124	841	0.59	B41	\$851.83
1218	2 Bed/2 Bath	932	160	1092	0.77	B95	\$1277.74
1300	2 Bed/2 Bath	1158	348	1506	1.07	B25,B105	\$1703.65
1302	2 Bed/2 Bath	1065	186	1251	0.88		\$1277.74
1304	Studio	360	61	421	0.30	B143	\$567.88
1305	Studio	347	61	408	0.29		\$567.88
1306	1 Bed/1 Bath	706	124	830	0.59		\$851.83
1308	1 Bed/1 Bath	706	124	830	0.59		\$851.83
1310	1 Bed/1 Bath	706	124	830	0.59	B163	\$851.83
1312	1 Bed/1 Bath	706	124	830	0.59	B13	\$851.83
1314	Studio	347	61	408	0.29		\$567.88
1315	Studio	360	61	421	0.30		\$567.88
1316	1 Bed/1 Bath	717	124	841	0.59		\$851.83
1318	2 Bed/1 Bath	932	160	1092	0.77	B35	\$1277.74
1400	2 Bed/2 Bath	1158	348	1506	1.07	B22	\$1703.65
1402	2 Bed/2 Bath	1068	186	1254	0.88	B32, B141	\$1277.74
1404	Studio	363	61	424	0.30		\$567.88
1405	Studio	347	61	408	0.29	B91	\$567.88
1406	1 Bed/1 Bath	706	124	830	0.59	B33	\$851.83
1408	1 Bed/1 Bath	706	124	830	0.59	B15	\$851.83
1410	1 Bed/1 Bath	706	124	830	0.59		\$851.83
1412	1 Bed/1 Bath	706	124	830	0.59	B65	\$851.83
1414	Studio	347	61	408	0.29		\$567.88
1415	Studio	363	61	424	0.30		\$567.88
1416	1 Bed/1 Bath	721	124	845	0.59	B171	\$851.83
1418	2 Bed/1 Bath	932	160	1092	0.77	B71	\$1277.74
PH 1	2 Bed/3 Bath	1506	404	1910	1.35	B142,B152	\$2271.53
PH 1A	1 Bed/1 Bath	882	124	1006	0.71		\$1277.74
PH 2	1 Bed/1 Bath	564	61	625	0.44		\$709.85
PH 3	Studio	347	61	408	0.29		\$567.88
PH 4	1 Bed/1 Bath	706	124	830	0.59		\$851.83
PH 5	1 Bed/1 Bath	706	124	830	0.59		\$851.83
PH 6	2 Bed/1 Bath	706	124	830	0.59		\$851.83
PH 7	1 Bed/1 Bath	706	124	830	0.59	B75	\$851.83
PH 8	Studio	347	61	408	0.29		\$567.88
PH 9	Studio	363	61	424	0.30	B102	\$709.85
PH 10	1 Bed/1 Bath	720	124	844	0.59		\$993.80
PH 11	2 Bed/1 Bath	932	160	1092	0.77	B5, B55	\$1277.74

EXHIBIT "B"

DEVELOPER'S RESERVED RIGHTS

The Developer as one of the Declarants of the Declaration has reserved the following rights to change the Declaration, Condominium Map, By-Laws:

1. Paragraph 23 of the Declaration states in pertinent part:

(a) At any time prior to the filing or recording in the Recording Office of the first apartment deed or other conveyance conveying an apartment and its appurtenances or any interest therein to a party not a signatory to the Declaration and other than to any mortgagee of the Declarant, the Declarant hereby reserves the right to amend the Declaration, the By-Laws and the Condominium Map in any manner, without the approval, consent or joinder of any purchaser of an apartment or any interest therein.

(b) Until the filing or recording in the Recording Office of apartment deeds or other conveyances conveying all of the apartments in the Project to parties not a signatory to the Declaration and other than to any mortgagee of the Declarant, the Declarant reserves the right to amend the Declaration, the By-Laws and the Condominium Map, without the approval, consent or joinder of any owner, mortgagee or purchaser of an apartment or any interest therein, to make such amendments as may be required by law, by the Real Estate Commission of the State of Hawaii, by any title insurance company issuing a title insurance policy on the Project or any of the apartments or any interest therein or by any governmental agency of any state, territory, possession or foreign country or other foreign jurisdiction as a condition precedent to the marketing or sale of apartments or any interests therein in any such jurisdiction; provided, however, that no such amendment which would change the common interest appurtenant to an apartment or substantially change the design, location or size of an apartment or the building in which it is located or in any way limit, impair, change or adversely affect any limited common elements and/or easements appurtenant to any apartment shall be made without the consent to such amendment by all persons having an interest in such apartment.

(c) The Declarant reserves the right to successively amend the Declaration (including the By-Laws and, when applicable, the Condominium Map), without the approval, consent or joinder of any owner, mortgagee or purchaser of an apartment or any interest therein or any of the persons then owning, leasing, renting, or occupying any apartment or any interest therein, to file the "as-built" verified statement (with plans, if applicable) required by Section 514A-12 of the Act, (i) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed or being filed simultaneously with such amendment fully and accurately depict the layout, location,

apartment numbers and dimensions of the apartments as built, or (ii) so long as any plans filed therewith involve only immaterial changes to the layout, location, apartment numbers or dimensions of or other changes to the apartments or common elements as built which the Declarant is permitted to make in accordance with paragraph (b) of Section 20 of the Declaration.

EXHIBIT "C"

PERMITTED ALTERATIONS TO APARTMENTS.

1. Paragraph 21 of the Declaration states:

"(a) Except as otherwise provided in this Declaration, replacement or restoration of the Project or of any building, or other facility or construction of any additional building or any material structural alteration or material addition to any structure, shall be undertaken by the Association or any apartment owners only pursuant to an amendment of this Declaration, pursuant to the affirmative vote or written consent of seventy-five percent (75%) of the apartment owners and in accordance with complete plans and specifications first approved by the Board of Directors and the Owner of the apartment or apartments directly affected thereby, and promptly upon completion of such replacement, restoration or construction, the Association shall record such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer; PROVIDED, HOWEVER, (i) if the cost of such alteration or improvement exceeds \$50,000 within any one year period, then unless the Owners of the Apartments other than Commercial Apartment 1 shall pay the entire cost of such alteration or improvements, the prior written consent of the Owner of Commercial Apartment 1 shall also be required; (ii) no alteration or improvement shall materially affect, change, hinder, impair, limit or restrict in any way the use or enjoyment of Commercial Apartment 1 or any appurtenant limited common elements, including the Commercial Apartment Walkway Easements, without the prior written consent of the Owner of Commercial Apartment 1; and (iii) notwithstanding any other provision in this Declaration to the contrary, the owner of any apartment may make any alterations or additions within any apartment and the owner of any two or more apartments separated by a common element which is a wall may alter or remove all or portions of the intervening wall, if the structural integrity of the building is not thereby affected and if the finish of the common element then remaining is then restored to a condition substantially comparable to that of the common element prior to such alterations. Such alterations or additions within any apartment or apartments shall require only the written approval thereof, including the apartment owner's plans therefor, by the holders of first mortgage liens affecting such apartments (if the lien holders require such approval), by the appropriate agencies of the State of Hawaii and the City and County of Honolulu if such agencies so require, by the Board of Directors (which approval shall not be unreasonably or arbitrarily withheld or delayed), and by all other apartment owners thereby directly affected (as determined in a reasonable manner by the Board of Directors), and such alterations or additions may be undertaken without an amendment to this Declaration or filing of a complete set of floor plans of the Project as so altered. Prior to the termination of the common ownership of any such adjacent apartments, if the intervening wall shall have been altered or removed pursuant to the foregoing provisions and any entry to hallways sealed, the owner of such apartments shall be obligated to restore such intervening wall and hallway entries to substantially the same condition in which

the same existed prior to such alteration or removal. For the purpose of this paragraph, the materiality of any such modification shall be determined pursuant to and in accordance with the criteria for determining materiality as set forth in Section 514A-89 of the Condominium Property Act, as amended from time to time. No work shall be done in the Project which would impair any easement, without in every such case obtaining the prior consent of all apartment owners directly affected thereby.

(b) Subdivision of Non-Residential Apartments.

Notwithstanding any provision herein to the contrary, the Owner of Commercial Apartment 1 shall have the right, with the consent of all mortgagees of record of any interest in such Apartment, from time to time to "subdivide" such Apartment (the "Original Apartment") into any number of separate Apartments (the "Resulting Apartments") and may create walls, partitions, doors, foyers, corridors or vestibules between the Resulting Apartments, and may allocate any limited common elements appurtenant to the Original Apartment, including parking stalls, to the Resulting Apartments, upon the following terms and conditions:

(i) the structural integrity of the common elements and all other Apartments in the Project shall not be thereby adversely affected;

(ii) the Owner of the Original Apartment shall execute and file in the Recording Office (without the necessity of the consent or joinder of the Association, the Board, any other Apartment Owner or any other person), and promptly deliver to the Board of Directors a true and correct filed copy of, an amendment to this Declaration which contains the following:

(a) A description of the layout, location, dimensions and apartment number of each of the Resulting Apartments,

(b) A description of the limited common elements appurtenant to the Resulting Apartments,

(c) The percentage of the common interest appurtenant to, and limited common interests assigned to, each Resulting Apartment (the sum of which common interests shall equal the common interest appurtenant to the Original Apartment), and

(d) an amendment to the Condominium Map which accurately depicts the layout, location, apartment numbers, and dimensions of the Resulting Apartments;

(iii) Upon the completion of any construction relating to the "subdivision" of the Original Apartment, the Owner of the Original Apartment shall file in the Recording Office, and promptly deliver to the Board a true and correct filed copy of, a statement of a registered architect or engineer, certifying that the amendment described in clause (b)(ii)(d) above accurately depicts the Resulting Apartments, as built;

(iv) Prior to commencing any construction relating to the subdivision of the Original Apartment, the Apartment Owner shall

deliver to the Board a certificate, signed by a duly registered Hawaii architect or engineer, that the proposed work will not adversely affect the structural integrity of the common elements or any other Apartments in the Project; and

(v) The Resulting Apartments shall not be assigned apartment numbers which are the same as the apartment number of any other Apartment in the Project.

(vi) If notwithstanding subparagraph (ii) above, the consent by the Association and/or Board is required to the amendment to this Declaration, then upon the request of the Owner of Commercial Apartment 1, the Association and the Board shall join in and deliver its consent so requested, and the Association and the Board shall join in and execute all other documents reasonably requested by the Owner of Commercial Apartment 1 as may be necessary for such "subdivision" of said Commercial Apartment 1."

EXHIBIT "D"

COMMON ELEMENTS. Paragraph 6 of the Declaration designates certain portions of the Project as "common elements", including specifically but not limited to:

- (1) The Land in fee simple;
- (2) The foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter, party and load-bearing walls and partitions, roofs, the parking garage and garage roof, exterior skylights (if any), stairways, walkways, corridors, ramps, fences (if any), trellises (if any), store rooms (which are not within any apartment or made specifically appurtenant to an apartment), lobby, Resort Management Area, Resident Manager's Office, mail boxes, mechanical rooms, entrances, entry ways and exits of all buildings of the Project;
- (3) All yards, grounds, planting areas, planters, walkways, walkway railings, landscaping, refuse facilities, gardens, and all other facilities and appurtenances designed for common use by more than one apartment;
- (4) All roads, driveways, driveway ramps, parking deck, the parking areas, and the eighty-three (83) assigned parking stalls;
- (5) All ducts, vents, shafts, sewer lines, sewage treatment equipment and facilities (if any), elevators, electrical equipment, telephone equipment, pipes, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, water, gas (if any), cablevision (if any), air conditioning (if any), sewer, refuse, telephone, and radio and television signal distribution;
- (6) All corridors and stairways situate within the Project;
- (7) All mechanical and electrical equipment originally installed and located within any apartment or located elsewhere in the Project utilized for or serving more than one apartment;
- (8) Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety, or normally in common use and which are not part of any Apartment.

EXHIBIT "E"

LIMITED COMMON ELEMENTS. Paragraph 7 of the Declaration designates:

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

(a) Any entrance, exit, gateway, entry, patio, yard, driveway or steps which would normally be used only for the purposes of ingress to and egress from a specific apartment, including the stairway at the makai end of the building located within Walkway Easement No. 2, shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment.

(b) Each of the eighty-three (83) parking stalls designated on the Condominium Map shall be limited common elements appurtenant to and reserved for the exclusive use of the Apartment or in the manner indicated on Exhibit "B" attached to the Declaration.

(c) Each Apartment shall have for its exclusive use one mailbox, which mailbox is identified by the same number as the Apartment to which it is appurtenant.

(d) Commercial Apartment 1 shall have for its exclusive use and benefit (a) a walkway six (6) feet in width lying along the Ewa (west) boundary of the Land and running from the mauka end of the Building to the high-water mark of the sea, and designated on the Condominium Map as "Walkway Easement #1 for the benefit of Commercial Apartment 1", and (b) a walkway, including the stairway thereon, over a strip of the Land lying between the makai end of the Building and the high-water mark of the sea (such walkway easement is designated on the Condominium Map as "Walkway Easement No. 2 for the benefit of Commercial Apartment 1) (collectively, the two walkway easements are referred to as "Commercial Apartment Walkway Easements"), it being understood, however, that a strip of the Land fourteen (14) feet in width lying along the Diamond Head boundary of the Land is not included within the easement area of such walkway. Said Commercial Apartment Walkway Easements may be used by Commercial Apartment 1 in such manner as permitted by law.

(e) Each Residential Apartment located on the third floor to and including the Penthouse floor shall have appurtenant thereto and reserved for its exclusive use a storage locker located on the same floor as the apartment is located, provided that the specific storage locker assigned to such apartment shall be assigned by the Board of Directors of the Association.

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

1. For Real Property Taxes that may be due and owing, reference is made to the Office of the Tax Assessor, City and County of Honolulu.
2. Location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance and the effect, if any, upon the area of the land described herein.
3. Provisions set forth in Agreement dated October 19, 1928, recorded in Liber 1047, Page 176, by and between the State of Hawaii and Young Women's Christian Association.
4. Easement "1" (10 feet wide) for storm drain purposes, as shown on Map 1 (Note: By instrument dated December 31, 1959, filed as Land Court Document No. 252816, the City and County of Honolulu surrendered all of its interest in, and right of way over, said Easement "1.>").
5. Master Lease dated March 11, 1959, filed as Land Court Document No. 233567, in favor of MKG Corporation, as amended by instruments recorded as Document Nos. 234741, 236185 and 2130331, respectively.
6. Master Sublease in favor of Waikiki Shore, Inc. filed as Document No. 244642, and amended by Document No. 266318.
7. Sublease dated December 28, 1961, filed as Document No. 283857, and amended by Document No. 2130331, and Assignment filed as Document No. 659277.
8. Short Form of unrecorded Lease recorded as Document No. 1645503.
9. Mortgage dated January 17, 1990, in favor of First Hawaiian Bank, filed as Document No. 1700101.
10. Assignment of Lessor's Interest to First Hawaiian Bank filed as Document No. 1700105.
11. Any and all recorded or unrecorded Tenant Leases, including Parking Stall Leases, Proprietary Leases and matters arising from or affecting the same.
12. Encroachments, as shown on survey prepared by James R. Thompson, Registered Professional Land Surveyor, with Walter P. Thompson, Inc., dated March 10, 1994, to-wit:
 - (A) Tile wall crosses onto Kalia Road at north corner;
 - (B) Drain box and concrete slab crosses onto property (premises described herein) along west boundary;
 - (C) Concrete wall crosses onto Land Court Application No. 774 (adjoining land) along east boundary; and

(D) Concrete landing crosses onto Land Court Application No. 774 (adjoining land) along east boundary.

13. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Deed dated March 16, 1994, filed as Document No. 2129583.

14. Mortgage and Security Agreement dated March 16, 1994, in favor of Bank of Hawaii, filed as Document No. 2129584.

15. Assignment of Rents and Other Income dated March 16, 1994, recorded as Document No. 94-048660, made by Waikiki Shore, Inc. to Bank of Hawaii.

16. Declaration of Condominium Property Regime dated April 21, 1994, filed in said Office as Document No. 2203671 (Project covered by Condominium Map No. 1060). By-Laws dated April 21, 1994, recorded as Document No. 2203672.

EXHIBIT "G"

SUMMARY OF THE CONDOMINIUM CONVERSION SALES AGREEMENT AND DEPOSIT RECEIPT

A Specimen Condominium Conversion Sales Agreement and Deposit Receipt (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 to be Conveyed to Purchaser:

(a) Fee Simple Apartment. 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 upon Buyer's payment of his proportionate share of (i) the costs and expenses associated with Seller's purchase of an undivided ninety percent (90%) fee simple interest in the land underlying the Project ("Land"), the costs to service the \$26 million Bank of Hawaii loan ("Bank of Hawaii Loan") and any other debt associated therewith (and the cost associated with the land and the Bank of Hawaii Loan and any other costs are hereinafter referred as the "Fee Simple Land Costs"), and (ii) the costs involved in converting the Project to condominium form ("condominium conversion costs"), including all closing costs of the transaction covered by this Agreement.

(b) Title to the Apartment. Title to the Apartment will be conveyed subject to the following matters: (i) the lien of 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 in the Bylaws of the Project, 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) location of the seaward boundary in accordance with the laws of the State of Hawaii and shoreline setback line in accordance with County regulation and/or ordinance and the effect, if any, upon the area of the land; and (v) any encumbrances approved or created by Buyer or which are mentioned or referred to 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 Buyer. 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.

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

Changes After Effective Date.

(a) 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 (other than the Seller), and Buyer authorizes Seller to make and specifically approves all changes to said documents and the Project;

(b) Seller reserves the right to amend or change the common interest appurtenant to, any limited common interest assigned to or the designated parking stall(s) assigned to (but not the number thereof for which an apartment deed has not been recorded with the Recording Office;

(c) Buyer will irrevocably appoint Seller his attorney-in-fact, coupled with an interest, to execute any documents reasonably necessary or convenient to implement the foregoing provisions and any requirements which may be imposed by any governmental agency in connection with the Project;

(d) Notwithstanding subparagraphs (a) or (b) above, any such modification shall be subject to Buyer's right to rescind pursuant to Section 514A-63 of the Condominium Act.

4. 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) WSI will retain ownership of Apartment 218 and the Resort Management Area (on the first floor). Seller is permitted to sell or lease to others Apartment 218, which in the past has been used as a residence for the property manager of the Project.

(b) Each shareholder in WSI will have a beneficial interest in (but will also assume all obligations relating to) Apartment 218 and the Resort Management Area proportionate to each shareholder's stock ownership in WSI. The parties agree to cooperate with each other with respect to the operation of WSI, and this may include causing WSI to be liquidated and dissolved, if deemed desirable and for its assets to be distributed into a holding entity established for the benefit of WSI's shareholders.

5. 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 acknowledges that Seller has entered into the Bank of Hawaii Loan million to cover the purchase of the fee simple interest in the Project Land and other associated costs of the Project. To secure the Loan, Seller has granted Bank of Hawaii a mortgage and other security

interests. All security interests obtained by the Lender in connection with the 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 BANK OF HAWAII.

6. Warranties.

(a) THE APARTMENTS ARE BEING TRANSFERRED "AS IS" WITH "ALL FAULTS". The Project is being conveyed and the Apartments are being transferred in "AS IS" condition with "ALL FAULTS". This means that Seller shall not correct any defects in the Project, the Apartments or anything installed or contained therein. The existence of any defect in the Project, the Apartments or anything installed or contained therein shall not excuse Buyer's obligation to perform all of Buyer's obligations under this Agreement.

(b) No Warranties of Seller. Seller is disclaiming any warranties, either express or implied, including any implied warranties of habitability, merchantability or fitness for a particular purpose, with respect to the Project, the Apartments or anything installed or contained therein. Each Apartment shall be deemed to be transferred "AS IS" with "ALL FAULTS", and Seller will not be liable to Buyer for any construction or other defects, including any latent or hidden defects in the Project, the Apartment or anything installed or contained therein. This means that Buyer will not have the right to file any lawsuit for damages against Seller for any defects later discovered by Buyer.

(c) Hazardous Materials and Condition of Project. Seller has made no independent investigation as to asbestos or other hazardous substances in the apartments or in, under or around the Project, including but not limited to, radioactive, materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" under, or for the purposes of hazardous materials laws. Buyer acknowledges that there may be asbestos or other hazardous substances in the apartments, or in, under or around the Project. Buyer expressly releases Seller from any liability to Buyer if any hazardous materials are discovered.

7. Purchase Options. Buyer has the option of purchasing the Apartment under either the Expedited or Referred purchase program as outlined below.

(a) Expedited Purchase Program. Under the Expedited Purchase Program, the Buyer (called an "Expedited Purchaser") shall agree to purchase the Apartment on the Scheduled Expedited Closing Date, as hereinafter defined, by paying in full (i) his proportionate share of the Fee Simple Land Costs (to the extent not previously paid), and (ii) the costs involved in converting the Project to the condominium form.

(b) Deferred Purchase Program. Under the Deferred Purchase Program the Buyer (called a "Deferred Purchaser") shall agree to buy the Apartment on or before the maturity date of the Bank of Hawaii Loan (April 1, 2003, which may be referred to as the "Scheduled Deferred Closing Date") and shall agree (i) until the Scheduled Deferred Closing Date, to pay as part of his assessment under the Proprietary Lease his proportionate share of the monthly payments under the Bank of Hawaii Loan, (ii) to pay his share of the Condominium Conversion Costs, and (iii) on or before the Scheduled Deferred Closing Date, to pay his proportionate share of the principal balance owing under the Bank of Hawaii Loan.

8. Financing of Purchase.

(a) Buyer's Obligation to Seek a Loan Commitment. If financing to purchase the Apartment is required by Buyer, 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 loan in the State of Hawaii. Seller shall have no obligation to arrange for Buyer's mortgage financing.

(b) Seller's Rights Upon Rejection of Mortgage Loan. If any of the following occurs:

(i) Buyer fails to obtain pre-qualification approval of 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; or

(ii) Buyer fails to deliver an acceptable Mortgage Loan commitment within sixty (60) days from the date that Seller has accepted this Agreement.

(b) Seller's Rights Upon Rejection of Mortgage Loan. If any of the following occurs:

(i) Buyer fails within thirty (30) days from the date Seller has accepted the Sales Agreement to obtain pre-qualification approval of a Mortgage Lender that subject to verification of loan application items, credit report and Property appraisal Buyer is qualified for the Mortgage Loan in the amount set forth for Payment B.2 of the Sales Agreement; or

(ii) Buyer fails to deliver an acceptable Mortgage Loan Commitment within sixty (60) days from the date that Seller has accepted the Sales Agreement.

Then, in any of the foregoing event, Seller may elect either (aa) to proceed with the transaction as the sale of the Apartment in accordance with Paragraph F.12(h) of the Sales Agreement, or (bb) to cancel the Sales Agreement upon written notice to Buyer and, upon such cancellation, Seller shall direct Escrow to refund to Buyer all sums paid hereunder by Buyer, with interest. If Seller elects to cancel the Sales Agreement for the reasons set forth in this paragraph, Seller shall not be liable for damages Buyer may suffer as a result of such cancellation.

(c) Buyer's Rights Upon Failure to Obtain Mortgage Loan. If Buyer has failed to obtain (i) the pre-qualification approval as aforesaid 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 accepted the Sales Agreement, then, in either event, Buyer may elect to cancel this Agreement upon written notice to Seller, and upon such cancellation, Seller shall direct Escrow to refund to Buyer all sums paid hereunder by Buyer, with interest, provided, however, Buyer shall not be permitted to cancel if Seller shall have elected pursuant to Paragraph F.9(b) of the Sales Agreement that the transaction shall be treated as a deferred purchase of the Apartment in accordance with Paragraph F.12(h) of the Sales Agreement.

9. Closing Obligations.

(a) Date of Closing. For purposes of this Agreement, the following terms are defined as follows:

(i) "Scheduled Expedited Closing Date" shall mean the later of (aa) seventy-five (75) days following the date of Seller's execution of this Agreement, or (bb) the date, if any, which Seller selects in its sole discretion and identifies in a written notice sent to Buyer.

(ii) "Scheduled Delayed Closing Date" shall mean April 1, 2003, provided that Buyer may select any earlier date upon giving Seller at least sixty (60) days prior written notice.

(iii) The "Closing Date" shall be the date of actual recording in the Recording Office of the Apartment Deed. Upon the Scheduled Closing Date, Buyer and Seller shall be required to perform their respective obligations to purchase and sell the Apartment under this Agreement.

(b) Execution of Closing Documents at Pre-closing. Seller may pre-close this sale by having all documents necessary for closing executed and deposited with Escrow prior to the time of closing. To accomplish this, any time after the Effective Date of this Agreement, and upon receiving not less than five (5) days' prior written notice to pre-close from the Seller, Buyer's mortgagee(s) or Escrow, Buyer agrees to take and complete any action which may be necessary to enable closing and Buyer will execute at Pre-closing all documents required for closing

including, without limitation, the assignment of Proprietary Lease, the Apartment Deed, all promissory notes, mortgages and other loan documents necessary for Buyer's financing of the Apartment, the Conveyance Tax Certificate and a Closing Statement based on Seller's estimate as of the closing date.

Buyer acknowledges that Buyer mortgagee(s) may require (a) that all loan documents be signed at the mortgagee's place of business, and (b) that the loan documents be signed as early as thirty (30) days before the Scheduled Closing Date.

In the event of any changes in the Apartment Deed (or other conveyance instrument) and other closing documents requested by Buyer later than fifteen (15) days prior to a Pre-Closing Date, Buyer may be assessed a documentation fee for making such changes.

(c) Payment of Cash Portions of the Purchase Price. Buyer agrees that no later than the applicable Scheduled Closing Date, Buyer shall pay into Escrow the following sums by either a cashier's check or wired funds (personal checks and certified checks are not acceptable):

- (i) Payments B.1 and B.2; and
- (ii) The closing costs provided for in Paragraphs F.12(e)(i), (ii) and (iii) of this Agreement; and
- (iii) All other additional costs and expenses provided for in Paragraph F.12.(f) of this Agreement; and
- (iv) All other sums of money which Buyer is required to pay under this Agreement and which Buyer shall not have yet paid.

(d) Closing. Provided that this Agreement has not been assigned and no default exists and provided that all obligations of the parties set forth herein have been satisfied, Escrow shall cause the Apartment Deed or other conveyance instrument and any mortgage in favor of the Mortgage Lender, to be recorded in the appropriate Recording Office on the Scheduled Closing Date, and all funds then in Escrow shall be released by Escrow to Seller. Escrow shall cause the amount equal to Buyer's proportionate share of the Bank of Hawaii Loan to be paid to Bank of Hawaii in return for a partial release of the Apartment from the mortgage securing the Bank of Hawaii Loan.

(e) Closing Costs.

(i) Closing Costs. Buyer shall pay all of the closing costs including, without limitation: (aa) all notary fees; (bb) the cost of title reports and premiums for title insurance requested by Buyer; (cc) all Escrow's fees; (dd) the cost of preparation and recording of the Apartment Deed (or other conveyance instrument); (ee) conveyance taxes; (ff) all costs to obtain a partial release from the Bank of Hawaii Loan and any

cost of recording the partial release; and (gg) any other closing costs not mentioned above which are customarily paid or incurred by the Seller or Buyer in connection with the purchase and sale of Hawaii residential real estate.

(ii) Prorations. In addition to the closing costs, the following items will be prorated as of the Closing Date: (aa) real property taxes which Seller has paid or is obligated to pay for the Project or the Apartment; (bb) any other assessments and charges assessed against the Project or the Apartment; and (cc) interest until closing on Buyer's proportionate share of the Bank of Hawaii principal balance. The real property taxes for the Project will be equal to (aa) the real property taxes payable for the Apartment, if the real property taxes have already been separately assessed for the Apartment, or (bb) the real property taxes payable for the entire Project, multiplied by Apartment's percentage interest in the common elements of the Project, if the real property taxes have not yet been separately assessed for the Apartment. After the Closing Date, Buyer shall be responsible for the payment of all real property taxes for the Apartment.

(iii) Mortgage and Lien Costs. Buyer is also obligated to pay all costs incurred in obtaining any Mortgage Loan, releasing Buyer's Existing Liens and amending the Existing Mortgage Liens if desired (by Buyer), including such costs as the cost of credit reports, loan fees, mortgage and note preparation costs and the cost of any lender's title insurance policy.

(f) Prepayment of Common Expenses. In addition to the closing costs and the prorations, Buyer shall also pay the estimated common expenses allocable to the Apartment for the first month after the Scheduled Closing Date.

(g) Failure to Close on Scheduled Closing Date. If Buyer fails to consummate the sale and make the payments required on the Scheduled Closing Date when due, then without limiting any other remedies that Seller may have as a result of Buyer's failure to make such payments or consummate this sale on a timely basis, Buyer shall remain liable for all common expenses, real property taxes and other prorated expenses from and after the Scheduled Closing Date regardless of when the closing of the sale of the Apartment actually occurs.

(h) Deferred Purchase Program. If Buyer shall have elected the Deferred Purchase Program, then the obligations of Buyer under the Proprietary Lease at closing shall be modified to include among other provisions the following: (i) the term of the Lease shall expire on the Scheduled Deferred Closing Date; (ii) net monthly lease rents will be equal to Buyer's present proportionate share of the monthly and other payments under the Bank of Hawaii Loan with Buyer to pay off his share of the Bank of Hawaii Loan by the Scheduled Deferred Closing Date, (iii) Buyer shall be required to pay his proportionate share of the condominium conversion costs, including all closing costs at closing; and (iv) in addition to the Fee Simple Cost assessments, a Deferred Purchaser may be assessed additionally on his prorata

share of any amount that any Deferred Purchaser shall have failed to pay of their Fee Simple Cost Assessment. At any time before the Scheduled Deferred Closing Date, a Deferred Purchaser may pay off his prorata share of the Bank of Hawaii Loan, whereupon the Deferred Purchaser shall become an Expedited Purchaser and shall become a party to a Conditional Loan Agreement similar to that described in subparagraph (i) below.

(i) Expedited Purchase Program. If the Buyer shall have elected the Expedited Purchase Program, then Buyer will enter into a Conditional Loan Agreement with WSI which shall provide among other things that the Buyer agrees that from time to time upon receipt of fifteen business days prior written demand by WSI, to loan to WSI Buyer's Common Interest proportionate share of any amount that either (a) a Deferred Purchaser shall have failed to pay under the Deferred Purchase Program (whether such be for a monthly installment or for principal repayment required under the Bank of Hawaii Loan), or (b) an Expedited Purchaser shall have failed to pay under his Loan Agreement similar to Buyer's Conditional Loan Agreement. An Expedited Purchaser's obligations shall be secured by a delivery in favor of WSI (a) a mortgage ("WSI Mortgage"), and (b) collateral assignment of Buyer's rights in the Conditional Loan Agreement.

(j) Conversion of the Project to Condominium. It shall be a condition to Seller's and Buyer's obligations under this Agreement that Seller shall have caused the Project to be converted from a cooperative to a condominium form of ownership and that the Project's title insurer shall have issued its commitment to insure the title to be acquired by Buyer hereunder. If the foregoing commitment shall not have been satisfied within one year hereafter, then the period for meeting such condition shall be extended for consecutive periods of ninety (90) days each unless either party shall have given the other party written notice of its election to terminate this Agreement in which event this Agreement shall be deemed canceled, and Escrow shall cause Buyer's deposits less cancellation fees to be returned to Buyer without interest.

(k) Existing Bank of Hawaii Loan. Bank of Hawaii has agreed to the granting of partial releases of apartments being acquired under this Agreement. Obtaining partial releases of the Apartment from the Bank of Hawaii is a condition to each of the parties' obligations under this Agreement. If an acceptable agreement with Bank of Hawaii is not reached within one year from the date hereof, then the period for meeting such condition shall be extended for consecutive periods of ninety (90) days each unless either party shall have given the other party written notice of its election to terminate this Agreement in which event this Agreement shall be deemed canceled, and Escrow shall cause Buyer's deposits less cancellation fees to be returned to Buyer without interest.

10. 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. Any such notice shall be sent by certified or registered mail and shall be deemed given upon deposit in the U.S. mails, even if Buyer does not sign a return receipt for the mail. In the event of any such default, Seller may pursue any other remedy permitted at law or in equity.

(c) Buyer's Remedies on Seller's Default. Seller shall be in default under the Sales Agreement if Seller fails to perform any obligation required of Seller and such failure continues for fifteen (15) days after Buyer gives written notice to Seller of such failure. Any such notice shall be sent by certified or registered mail and shall be deemed given upon deposit in the U.S. mails, even if Seller does not sign a return receipt for the mail. In the event of any such default, Buyer may pursue any other remedy permitted at law or in equity.

(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.

(e) Common Expenses. In the Sales Agreement, Buyer acknowledges that the estimates of the common expenses and applicable limited common elements 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.

11. Use of the Apartments.

(a) Commercial Apartment No. 1. Commercial Apartment No. 1 shall be occupied and used for commercial, retail or office purposes or for any other purposes which are legally permissible. The owner of the Commercial Apartment shall have the absolute right to lease from time to time all or portions of the Commercial Apartment provided that such leases are made subject to the covenants and restrictions contained in this Declaration and the Bylaws.

(b) Residential Apartment. THE RESIDENTIAL APARTMENTS SHALL BE OCCUPIED AND USED ONLY FOR PERMANENT OR TEMPORARY RESIDENTIAL PURPOSES BY THE RESPECTIVE OWNERS THEREOF, THEIR TENANTS, FAMILIES, DOMESTIC SERVANTS AND SOCIAL GUESTS, AND FOR NO OTHER PURPOSE. The Owner of a Residential Apartment shall have the right to rent, lease or otherwise permit the use of all or a portion of the Residential Apartment for any length or periods of time as the Owner may desire.

12. Seller's Right to Increase Purchase Price in Certain Circumstances. If Seller determines that increases in the Fee Simple Land Costs or Condominium Conversion Costs require increases in the sales prices of apartments to maintain financial feasibility of the Project (it being understood the purchase price for the Apartment is based upon the Buyer's proportionate share of stock ownership in WSI multiplied by the Fee Simple Land Costs and Condominium Conversion Costs), then and in such event Seller may increase the Total Purchase Price of the Apartment only to the extent necessitated by the increases in costs. Seller shall notify Buyer in writing of any such increase in the Total Purchase Price.

13. Conversion of the Project to Condominium. It shall be a condition to Seller's and Buyer's obligations under the Sales Agreement that Seller shall have caused the Project to be converted from a cooperative to a condominium form of ownership and that the Project's title insurer shall have issued its commitment to insure the title to be acquired by Buyer hereunder. If the foregoing commitment shall not have been satisfied within one year hereafter, then the period for meeting such condition shall be extended for consecutive periods of ninety (90) days each unless either party shall have given the other party written notice of its election to terminate the Sales Agreement in which event the Sales Agreement shall be deemed cancelled and escrow shall cause Buyer's deposits to be returned to Buyer without interest.

EXHIBIT "H"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and Long & Melone Escrow, Ltd.

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

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

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

(b) Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

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

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

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

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

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

(b) Seller or Seller's attorney has given a written opinion to Escrow stating that all of the requirements of Sections 514A-39, 514A-62 and 514A-63 of the Hawaii Revised Statutes, then applicable to the Project, have been satisfied and if the project is a conversion project, that the requirement of Section 514A-38 have been met.

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

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

EXHIBIT "I"

DISCLOSURE ABSTRACT

1. (a) PROJECT: WAIKIKI SHORE
2161 Kalia Road
Honolulu, Hawaii 96815
- (b) DEVELOPER: WAIKIKI SHORE, INC.
2161 Kalia Road
Honolulu, Hawaii 96815
Telephone: (808) 923-7245
- (c) MANAGING AGENT: Certified Management

2. Breakdown of monthly estimated costs for each unit are shown on Exhibit "1" attached hereto (revised and updated every twelve (12) months and certified to have been based on generally accepted accounting principles).

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

Developer is not making any warranties relating to the materials and workmanship of the Project.

4. USE OF UNITS.
 - (a) Residential Apartment. The Residential Apartments shall be occupied and used only for permanent or temporary residential purposes by the respective owners thereof, their tenants, families, domestic servants and social guests, and for no other purpose. The Owner of a Residential Apartment shall have the right to rent, lease or otherwise permit the use of all or a portion of the Residential Apartment for any length or periods of time as the Owner may desire.
 - (b) Commercial Apartment 1. Commercial Apartment 1 shall be occupied and used for commercial, retail or office purposes or for any other purposes which are legally permissible. The owner of Commercial Apartment 1 shall have the absolute right to lease from time to time all or portions of Commercial Apartment 1 provided that such leases are made subject to the covenants and restrictions contained in the Declaration and the Bylaws.
 - (c) Resort Management Area. That portion of the common elements on the first floor of the Building designated as Resort Management Area (together with storage facilities on the second floor and in the basement) ("Resort Management Areas") may be used for office purposes and for management, apartment rental and property management purposes, including without limitation, concierge-type services, and (b) any other purposes as may be permitted under applicable law. The Apartment Owners of the Former Co-Op Apartments shall have the right on behalf of the Association to rent, lease or otherwise permit

the use of all or a portion of the Resort Management Areas for any length or periods of time as such Owners may desire.

- (d) Resident Manager's Office. That portion of the common elements designated as the Resident Manager's Office shall be used for building management purposes by the Association to serve all apartments, both residential and commercial.

5. EXISTING STRUCTURES BEING CONVERTED. Based upon a report prepared by DAVID A. KNOX, Registered Professional Architect, the Developer states:

a. The present conditions of all structural components and mechanical and electrical installation material to the use and enjoyment of the Project appears to be good.

b. The Developer makes no statement with respect to the expected useful life of each item set forth in paragraph (a); and

c. There are no outstanding notices of uncured violations of building code or other municipal regulations.

6. Non-Liability of HRT, Ltd. As stated in paragraph 32 of the Declaration, the parties acknowledged that HRT, Ltd. joined in the Declaration only for the purpose of submitting the land and improvements thereon to a condominium property regime and that the condominium project is a consequence of a development undertaken solely by Waikiki Shore, Inc., the Developer. In addition, a Buyer of an apartment shall look to Waikiki Shore, Inc. and not HRT, Ltd. with respect to any claims whatsoever it may have concerning all aspects of the Condominium Project.

WAIKIKI SHORE, INC.

By *Jane H. Kukulsky*
Its Vice President

EXHIBIT "1"

Waikiki Shore

APARTMENTS

2161 KALIA ROAD · WAIKIKI
HONOLULU, HAWAII 96815
TELEPHONE: (808) 923-7245
FAX: (808) 922-6186

ESTIMATED MONTHLY EXPENSES
For period of April 1, 1994 to December 31, 1994
As Prepared by Board Treasurer.

Estimated Monthly Expenses

Management Fee	\$ 2,600.00
Employee Wages & Taxes	\$11,700.00
Gas	\$ 590.00
Water & Sewer	\$ 3,800.00
Electricity (In common areas)	\$ 3,000.00
Telephone (In common areas)	\$ 400.00
Insurance	\$ 2,200.00
Pest Control	\$ 220.00
Refuse	\$ 1,250.00
Cable	\$ 875.00
Elevator Service	\$ 1,150.00
Supplies	\$ 475.00
Miscellaneous	\$ 1,050.00
Fire Inspection (Annual)	\$ 20.00
Security	\$ 1,800.00
Legal expenses	\$ 1,500.00
Taxes	\$ 2,500.00
Repairs	\$ 2,500.00
Reserve Fund 10% of Monthly	\$ 3,700.00
Total=\$ 41,330.00	

Estimated Monthly Maintenance Fee for Each Type of Apartment.

Type of Apartment	Monthly Expense
Studio	\$120.00
1 Bed 1 Bath	\$232.00
2 Bed 1 Bath	\$308.00
2 Bed 2 Bath	\$348.00
2 Bed 2 Bath(Ocean Front)	\$424.00
3 Bed 3 Bath(P.H.1)	\$528.00
1 Bed 1 Bath(Special P.H.1a)	\$296.00
Studio (Special P.H.9)	\$176.00
1 Bed 1 Bath(Special P.H.10)	\$280.00

The Treasurer certifies that the maintenance fees and costs as estimated by the Waikiki Shore Inc. Board of Directors, Treasurer is based generally on accounting principals.

By Neil Brixon, Waikiki Shore Inc. Treasurer.

Neil Brixon

Date: 3.10.94.

EXHIBIT "J"

04 March 1994

Mr. Richard Elliott, President
WAIKIKI SHORE INC.
Apartment 1082
2161 Kalia Road
Honolulu, Hawaii 96815

RE: WAIKIKI SHORE APARTMENTS
Condominium Conversion
Project 9324

Mr. Elliott:

This is to provide you with a reporting of the condition of the Waikiki Shore Apartments project, situated at 2161 Kalia Road, an oceanfront project in Waikiki. It is based on general cursory inspection of the project on 13 December 1993 and further to that date for follow-up limited cursory inspections for miscellaneous items. In conjunction with these inspections, the basic architectural characteristics of the building were also documented from existing original construction documents of the building and are represented in the as-built drawings of the project as accompanying herewith. Those drawings, including sheets A-1 through A-9, are dated 14 February 1994 and were prepared under my supervision.

The project is a fifteen story mixed-use occupancy building of reinforced concrete construction. It is comprised of a basement level of parking; a first floor level of retail commercial space, management offices and general lobby area; and floor levels two through fifteen containing one hundred sixty eight residential apartment units. Its construction was completed in 1960 and no major structural alteration or addition to the building has occurred since that time. There was, however a major renovation to most of the second

floor level undertaken in 1990. That renovation involved conversion of commercial area to residential living units, adding nine new units to the building. Other renovations to original individual apartment interiors are evident, from minor remodeling of kitchens and bathrooms to major reconstruction of entire unit interiors.

The building's basement level is one-half story below the street level grade and is used exclusively for vehicular parking of the apartment users. The first level is one-half level above the street level grade and has parking for the retail commercial area and guest parking for visitors to the apartment occupants. The commercial area is one large space, partitioned with partial height walls into small cubicles and aisles for individual vendor operations. Residential apartment units vary in size from studio units of 367 square feet of interior area, as the smallest unit, to a penthouse two bedroom unit of 1,600 square feet of interior area.

The building appears to be sound and in good condition, with all exterior elements clean and well maintained. Key aspects of its architectural issues are as follows:

1. The access ramp from Kalia Road to the first floor level is restricted from providing adequate two-way vehicular traffic flow by the placement of the first parking stall parallel to the Diamond Head property line. This condition is compounded by a double ninety degree turn at this location and the coexistence of pedestrian access to the building sharing the access ramp. It was observed that cars ingressing and egressing simultaneously required one to yield to the other by backing away from this point of restriction in order to facilitate one or the other completing ingress or egress. This action poses a danger to pedestrian users of this area, and a danger to pedestrian and vehicular traffic on Kalia Road from an ingressing car backing down the access ramp.
2. There is no commercial loading zone provided for this project, as would be required under the current zoning code. However, there is no governing authority requirement to correct this omission of current building code requirements.
3. There are no Disabled Persons Accessible parking stalls provided for this project, as would be needed by current Uniform Building Code requirements and the requirements of the American with Disabilities Act (ADA). While there is no governing authority necessity to correct this omission to meet current building code requirement, there is a need to provide one accessible stall under the guidelines of the ADA.
4. The building may not be deemed 'accessible' for Disabled Persons in accordance with requirement of the ADA because of existing barriers of access such as lack of a qualified accessible route from Kalia Road by ramp or platform lift, entrance and exterior door operation, exterior and interior signage, elevator access and operation, and accessible rooms. Definitive determination for this requirement requires more detailed evaluation, involving assessment of existing building uses and design as they may be deemed to require compliance. The ADA is not a code administered by any governing authority, but it is Federal law for which non-compliance can bring result in civil litigation.

5. Building exit walkways and stairways meet current Uniform Building Code requirements; except for stairway riser and tread dimensions and handrail design. However, there is no governing authority requirement to correct this non-compliance of current building code requirement.
6. Building guardrails for walkways and lanais meet current Uniform Building Code requirements.
7. The building roofing appears to be serviceable and no evidence of its leaking were observed. Localized areas of minimal ponding were observed at crickets in the folded plate valleys of the main roof area and on smaller independent flat roof areas of ancillary elements.

The structural, mechanical and electrical systems of the building were inspected by their respective engineering disciplines at my request. Those reports accompany this report and should be reviewed for detail information of findings and opinions as set forth. A summarization of notable items from those reports is as follows:

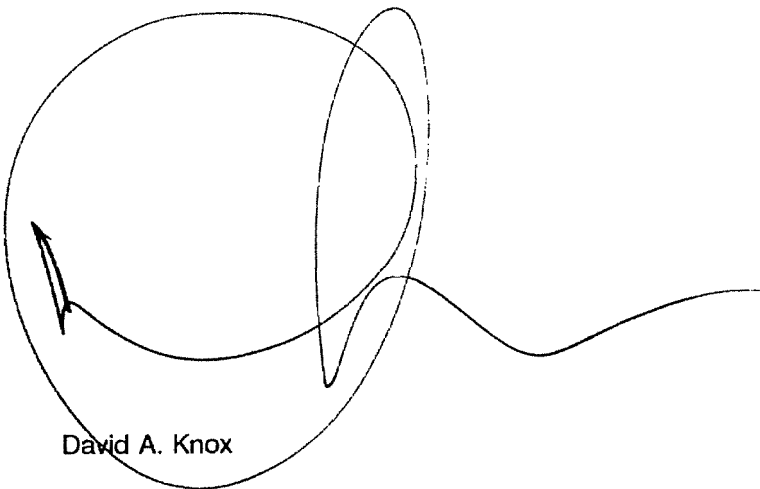
1. Structural Engineering cursory inspection of JAI / Adams Allison Incorporated, Gary Lum Engineer, dated 03 January 1994.
 - a. Exterior guardrails at walkways and lanais are evidencing deterioration that will require repair.
 - b. The concrete floor slabs evidence random cracking that is normal in occurrence and does not require repair.
2. Mechanical Engineering cursory inspection of Bill Olson & Associates, Inc, by William Olson, dated 28 January 1994.
 - a. Roof mounted heat pump units, which heat water for the central hot water system, are nearing the end of their useful life and will soon require replacement.
 - b. Typical apartment kitchens of original construction do not have air-gaps installed for dishwashers as would be needed by current Uniform Plumbing Code requirements. However, there is no governing authority requirement to correct this omission of current code requirement.
 - c. The existing piping systems of the building, although concealed and also not visible on their interior, are of an age that wear, corrosion and scale may be progressed and may result in failures requiring maintenance and repair.
 - d. There is a steady flow of water into a basement catch basin from an unknown source that is not normal and may require investigation and resolution.
3. Electrical Engineering cursory inspection of Toft Moss Farrow Inc., by Charles Carlson, dated 24 January 1994.
 - a. Security lighting along exit walkways provides illumination at a minimum level, but is possibly adequate in its provision.

- b. The fire alarm system is operational, but does not meet the current 'high rise' ordinance of the City & County of Honolulu, and alarm signaling devices do not comply with guidelines of the ADA. There may be a governing authority necessity to correct the non-compliance with the current 'high rise' ordinance. The need for compliance with the ADA for alarm signaling devices involves determination of building uses for applicability.
- c. Renovation of residential apartment interiors has involved some converting of gas cooking ranges and clothes dryers to electric. These occurrences add additional electrical loading not designed for in the electrical distribution system and recommendation is made for its evaluation of capability to accommodate this additional loading.
- d. Apartment units do not have GFI duplex outlets in kitchens and bathrooms, as would be needed by current National Electrical Code requirements. There is no governing authority requirement to correct this omission from current code requirements.
- e. The existing electrical service equipment of the building is of an age that its components should be checked for good condition and proper operation. Such testing has the potential of causing marginally operational equipment to fail, and failures could affect the on-going operation of the building because of design of the electrical feeder system.

This concludes my reporting at this time.

Sincerely,

KNOX HOVERSLAND ARCHITECTS LTD.

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal tail extending to the right.

David A. Knox

enc.

pc: J. Grad

BUILDING DEPARTMENT
CITY AND COUNTY OF HONOLULU

HONOLULU MUNICIPAL BUILDING
650 SOUTH KING STREET
HONOLULU, HAWAII 96813

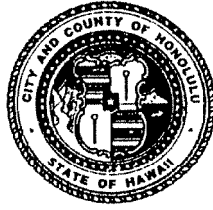


EXHIBIT "K"

FRANK F. FASI
MAYOR

HERBERT K. MURAOKA
DIRECTOR AND BUILDING SUPERINTENDENT

WILLIAM F. REMULAR
DEPUTY

Ex94-65

June 7, 1994

Mr. Jeffrey S. Grad
Attorney at Law
Suite 2001, Davies Pacific Center
841 Bishop Street
Honolulu, Hawaii 96813

Dear Mr. Grad:

Subject: Condominium Conversion Project
Waikiki Shore
2161 Kalia Road
Tax Map Key: 2-6-04: 12

This is in response to your letter dated February 16, 1994 requesting verification that the fifteen-story structure located at the above property met all applicable code requirements at the time of construction.

Investigation revealed the following:

1. The 15-story 159-unit apartment building met code requirements when it was constructed in 1959.
2. Nine transient vacation rental units were added under building permit No. 277672 issued in 1989.
3. Variance No. 89/VAR-102 was approved with conditions on June 6, 1990 to allow less than the required number of off-street parking for nine transient vacation rental units and a retail establishment and for a substandard size loading space. (A total of 86 parking spaces and one 8½ feet by 19 feet loading space.)
4. Waikiki Special District permit No. 90/WSD-036 was approved with conditions on December 4, 1990 for new retail kiosk spaces on the ground floor.

Mr. Jeffrey S. Grad
June 7, 1994
Page 2

5. The ground floor retail area was constructed under building permits Nos. 278071 and 300448 issued in 1989 and 1991.

Inspection also revealed the following deficiencies:

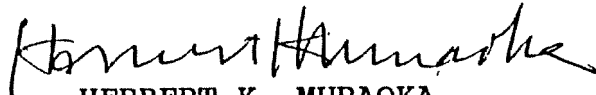
1. There are only 79 off-street parking stalls which is less than the approved 87 stalls (including one loading space) as noted in variance 89/VAR-102.
2. The basement parking area has a dead end corridor of at least 150 feet in length, exceeding the maximum 20 feet in length. (The overhead sliding garage metal door is not an approved exit.)

For your information, the 159 dwelling units are nonconforming uses in this resort hotel precinct. The Building Department cannot determine whether this project contains any other legal nonconforming uses or structure as a result of the adoption or amendment of any ordinances or codes.

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

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto at 527-6341.

Very truly yours,



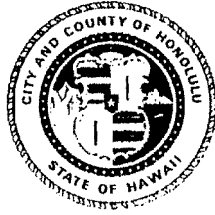
HERBERT K. MURAOKA
Director and
Building Superintendent

BUILDING DEPARTMENT
CITY AND COUNTY OF HONOLULU

HONOLULU MUNICIPAL BUILDING
650 SOUTH KING STREET
HONOLULU, HAWAII 96813

EXHIBIT "K-1"

JEREMY HARRIS
MAYOR



RANDALL K. FUJIKI
DIRECTOR AND BUILDING SUPERINTENDENT

ISIDRO M. BAQUILAR
DEPUTY DIRECTOR AND BUILDING SUPERINTENDENT

Ex95-75

July 6, 1995

Mr. Jeffrey S. Grad
Attorney at Law
Suite 2001, Davies Pacific Center
841 Bishop Street
Honolulu, Hawaii 96813

Dear Mr. Grad:

Subject: Condominium Conversion Project
Waikiki Shore
2161 Kalia Road
Tax Map Key: 2-6-04: 12

This is to confirm that the deficiencies mentioned in our letter dated June 7, 1994 have been corrected.

Additional stalls have been provided to meet the requirement of 87 off-street parking stalls including one 8-1/2-foot-by-19-foot loading space. Further investigation showed that the basement layout for exit purposes was approved as it exists now.

If you have any questions regarding this matter, please contact Mr. Ivan Matsumoto at 527-6341.

Very truly yours,

A handwritten signature in black ink, appearing to read "Randall K. Fujiki".

RANDALL K. FUJIKI
Director and
Building Superintendent

Subscribed and sworn to
before me this 10th day of
July, 1995.

A handwritten signature in black ink, appearing to read "E. K. J. J. J.".

Notary Public, First Judicial Circuit
State of Hawaii

My commission expires: June 21, 1999

EXHIBIT "L"

LIMITATION ON CHANGES TO CONDOMINIUM DOCUMENTS

a. Declaration. While a minimum of 75% of the common interest may amend the Declaration, this right to amend the Declaration is limited in that: (i) no amendment to the Declaration materially affecting, changing, impairing, restricting or limiting any of the uses of the Residential Apartments and/or Commercial Apartment 1 and/or its appurtenant limited common elements, including parking stalls and/or easements (including the Commercial Apartment Walkway Easements), shall be effective without the written consent of the owner or owners of the apartment affected thereby, and (ii) paragraph 24 of the Declaration imposes restrictions on the Association of Apartment Owners' and the Board of Directors' right to change the Declaration even if 75% or more of the common interest vote to amend said Declaration. The restrictions contained in paragraph 24 of the Declaration are set forth under paragraph V.C.4 of this Public Report.

b. Bylaws. While a minimum of 65% of the common interest may amend the Bylaws, this right to amend the Bylaws is limited in that: (i) no amendment to the Bylaws shall be effective if it is inconsistent with any provisions of the Declaration; (ii) no amendment to the Bylaws materially affecting, changing, impairing, restricting or limiting any of the uses of the Residential Apartments and/or Commercial Apartment 1 and/or its appurtenant limited common elements, including parking stalls and/or easements, including the Commercial Apartment Walkway Easements, shall be effective without the written consent of the owner or owners of the apartment affected thereby, and (iii) pursuant to Article VII, Section 1 of the Bylaws, all the restrictions on amending the Declaration contained in paragraph 24 of the Declaration are also applicable with respect to all amendments to the Bylaws.