

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer: Royal Palm Trading Company, LLC
Address: 2416 Polk Street, San Francisco, California 94109
Project Name(*): THE ROYAL PALM AT WAIPIO - PHASE V
Address: 94-539 Puahi Street, Waipahu, Hawaii 96797
(Conversion)
Registration No. 4872
Effective date: April 3, 2003
Expiration date: May 3, 2004

Preparation of this Report:

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

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

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

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

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

Type of Report:

- PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
X SUPPLEMENTARY: (pink) This report updates information contained in the: Preliminary Report dated: Final Public Report dated: July 26, 2002
And: Supersedes all prior public reports, Must be read together with Final Public Report dated July 26, 2002, This report reactivates the

(*Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

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

Disclosure Abstract: Separate Disclosure Abstract(s) on this condominium project:

Required and attached to this report

Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

Since issuance of the Final Public Report for the Project dated July 26, 2002, the Project Declaration has been amended by instrument dated November 26, 2002 (see page 6, paragraph A hereof) to transfer parking stall nos. 379, 388, 392, 399, 408, 416, 425 and 426 appurtenant to Apartment No. 44S to Apartment No. 42U. The parking stalls transferred are reflected in the revised Exhibit E-1 attached hereto.

Jerry Lynch is identified as the fee owner of apartments 2B, 2C, 2D, 3A, 3C and 3D in the Final Public Report for the Project (see page 10 thereof). Subsequent to issuance of the Final Public Report, Mr. Lynch conveyed ownership of the aforesaid apartments to The Royal Palm Investment Company, LLC ("Royal Palm Investment"), a Virginia limited liability company, a related entity and the developer/fee owner of the remaining apartments in the Project. In exchange, Royal Palm Investment conveyed ownership of apartments 35R, 35S, 35T, 35U, 35V and 35W (the "Apartments") to Mr. Lynch pursuant to that certain Apartment Deed dated November 26, 2002, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2865574, and duly noted on Land Court Certificate of Title No. 629,758. Royal Palm Investment is and will continue to be the developer of the Apartments and the owner/developer of the remaining 104 units in the Project, including apartments 2B, 2C, 2D, 3A, 3C and 3D.

The changes noted in this Supplementary Public Report and the condominium documents disclosed in this filing (described hereinbelow) have been made to advise prospective buyers that title to the Apartments has since been transferred from Jerry Lynch to Royal Palm Trading Company, LLC ("RPTC"), a Virginia limited liability company, a related entity, effective March 25, 2003, pursuant to that certain Quitclaim Apartment Deed dated March 24, 2003, recorded in said Office as Document No. 2907289, and duly noted on Land Court Certificate of Title No. 640,609.

As the parties are related, the conveyance of the Apartments from Mr. Lynch to RPTC by Quitclaim Apartment Deed operates to release whatever interest Mr. Lynch has in the Apartments to RPTC without warranty as to title. However, the deeds conveying the Apartments from RPTC to individual buyers will contain standard warranties as to title to the property (but not the condition of the property). See Specimen Apartment Deed filed with the Commission.

The following documents were required to be amended due to the change in ownership of the Apartments or as otherwise described:

1. Purchaser's Disclosure Acknowledgements – amended to correct the names of the developers of The Royal Palm at Waipio - Phases I and II (The Royal Palm Development Company, LLC) and The Royal Palm at Waipio – Phase V (RPTC). There is no change respecting the developer of the Project, The Royal Palm at Waipio – Phase IV, including the Apartments, which remains Royal Palm Investment as noted above.
2. Specimen Purchase Agreement – amended where applicable to reflect (a) RPTC as the new seller of the Apartments, (b) the purchaser's acknowledgement of receipt and review of this Supplementary Public Report, and (c) miscellaneous recording information.
3. Specimen Apartment Deed – amended to reflect that the new grantor is RPTC.

The following exhibits to this Supplementary Public Report were required to be amended due to the change in ownership of the Apartments or as otherwise described:

1. Exhibit E-1 – amended to reflect the parking stall transfers described above.
2. Exhibit H - Upon transfer of the Apartments from Jerry Lynch to RPTC, RPTC assumed an existing loan from Bank of Hawaii secured by the Apartments and all of The Royal Palm at Waipio – Phase V condominium project, and borrowed additional funds from Bank of Hawaii to complete renovations to the same. The necessary amendments to the existing mortgage and security instruments and the new mortgage and security instruments are noted in the revised Exhibit "H". All of the mortgages and other blanket liens encumbering the Apartments will be removed of record prior to transfer of any of the Apartments to buyers.
3. Exhibit H-1 – amended to reflect the current blanket liens covering the Apartments.

Blacklined drafts of the amended condominium documents and exhibits to this Supplementary Public Report showing the above-described changes are on file with the Commission for buyers' review.

SPECIAL NOTES

Not Applicable

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Royal Palm Trading Company, LLC Phone (808) 924-1400
Name* (Business)
2416 Polk Street
Business Address
San Francisco, California 94109

Names of officers or general partners of developer who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

Manager: Bay West Royal Palm, LLC, a Virginia
limited liability company
2416 Polk Street
San Francisco, California 94109

Real Estate Broker*: Properties Unlimited, Inc. Phone: (808) 487-3855
Name (Business)
4510 Salt Lake Blvd., B-4
Business Address
Honolulu, Hawaii 96818-3154

Escrow: Old Republic Title and Escrow of Hawaii, Ltd. Phone: (808) 566-0100
Name (Business)
733 Bishop Street, Suites 2600 & 2700
Business Address
Honolulu, Hawaii 96813

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

Condominium Managing Agent*: Certified Management, Inc. Phone: (808) 836-0911
Name (Business)
3179 Koapaka Street, 2nd Floor
Business Address
Honolulu, Hawaii 96819-1927

Attorney for Developer: Imanaka Kudo & Fujimoto Phone: (808) 521-9500
Name (Business)
745 Fort Street, 17th Floor
Business Address
Honolulu, Hawaii 96813
Attn: Richard T. Asato, Esq.

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

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

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

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

The Declaration for this condominium is:

- Proposed
 Recorded -Bureau of Conveyances: Document No. _____
Book _____ Page _____
 Filed - Land Court: Document Nos. 2824589 & 2824590

The Declaration referred to above has been amended by that certain Amendment to Declaration of Condominium Property Regime of the Royal Palm at Waipio – Phase V dated November 26, 2002, recorded on November 27, 2002 in said Office as Document No. 2865575:

- 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. 1493

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. _____
Book _____ Page _____
 Filed - Land Court: Document No. 2824591

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

Fee Owner: Royal Palm Trading Company, LLC
 Name
2416 Polk Street
 Address
San Francisco, California 94109

Lessor: N/A
 Name
 Address

C. **Buildings and Other Improvements:**

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

2. Number of Buildings: 7 residential bldgs. Floors Per Building 2

Exhibit B contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood
 Other _____

4. **Uses Permitted by Zoning:**

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>56</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	___	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	___	<input 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

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

There are no limited common elements in this project.

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

described in Exhibit G*.

as follows:

*Note: Land areas referenced herein are not legally subdivided lots.

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

described in Exhibit E-1

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 H describes the encumbrances against the title contained in the title report dated March 26, 2003, and issued by Old Republic Title and Escrow of Hawaii, Ltd.

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- [X] Notice to Owner Occupants
- [X] Specimen Sales Contract
Exhibit J contains a summary of the pertinent provisions of the sales contract.
- [X] Escrow Agreement dated May 22, 2002. Said Agreement was assigned as to Phase V of the Project to RPTC.
Exhibit K contains a summary of the pertinent provisions of the escrow agreement.
- [X] Other Apartment Deed. Exhibit L contains a summary of the pertinent provisions of the Apartment Deed.

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:

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); **AND**
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

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

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

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

- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other: _____

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. 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 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. 4872 filed with the Real Estate Commission on June 17, 2002.

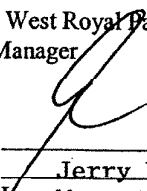
Reproduction of Report. When reproduced, this report must be on:

YELLOW paper stock WHITE paper stock PINK paper stock

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

ROYAL PALM TRADING COMPANY, LLC
A Virginia limited liability company

By Bay West Royal Palm, LLC, a Virginia limited liability company
Its Manager

By 

Jerry Lynch

Its Managing Member

March 6, 2003

Date

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner; Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.

EXHIBIT E-1

APARTMENT NUMBERS, DESIGNATION OF APARTMENT TYPES, NET LIVING AREA, NET LANAI AREA, PARKING STALL ASSIGNMENTS, PERCENTAGE OF COMMON INTEREST AND DESCRIPTION OF APARTMENT TYPES

Phase V

Building 5:

Apt. No.	Apartment Type	Net Living Area (s.f.)	Lanai (s.f.)	Parking Stall(s)	Percentage Common Interest
39A	Plan 4	709	206	428	1.79
39B	Plan 5	708	190	430	1.78
39C	Plan 4	709	206	421	1.79
39D	Plan 5	708	190	423	1.78
39R	Plan 4	709	54	427	1.79
39S	Plan 5	708	65	429	1.78
39T	Plan 4	709	54	422	1.79
39U	Plan 5	708	65	424	1.79

Building 6:

Apt. No.	Type	Net Living Area (s.f.)	Lanai (s.f.)	Parking Stall(s)	Percentage Common Interest
40A	Plan 4	709	206	414	1.79
40B	Plan 5	708	190	418	1.78
40C	Plan 4	709	206	420	1.79
40D	Plan 5	708	190	412	1.78
40R	Plan 4	709	54	415	1.79
40S	Plan 5	708	65	417	1.78
40T	Plan 4	709	54	419	1.79
40U	Plan 5	708	65	413	1.79

Building 7:

Apt. No.	Type	Net Living Area (s.f.)	Lanai (s.f.)	Parking Stall(s)	Percentage Common Interest
41A	Plan 4	709	206	405	1.79
41B	Plan 5	708	190	409	1.78
41C	Plan 4	709	206	411	1.79
41D	Plan 5	708	190	404	1.78
41R	Plan 4	709	54	406	1.79
41S	Plan 5	708	65	407	1.78
41T	Plan 4	709	54	410	1.79
41U	Plan 5	708	65	403	1.79

Building 17:

Apt. No.	Type	Net Living Area (s.f.)	Lanai (s.f.)	Parking Stall(s)	Percentage Common Interest
42A	Plan 4	709	206	396	1.79
42B	Plan 5	708	190	400	1.78
42C	Plan 4	709	206	402	1.79
42D	Plan 5	708	190	395	1.78
42R	Plan 4	709	54	397	1.79
42S	Plan 5	708	65	398	1.78
42T	Plan 4	709	54	401	1.79
42U	Plan 5	708	65	379*, 388*, 392*, 394, 399*, 408*, 416*, 425*, 426	1.79

Building 18:

Apt. No.	Type	Net Living Area (s.f.)	Lanai (s.f.)	Parking Stall(s)	Percentage Common Interest
43A	Plan 4	709	206	390	1.79
43B	Plan 5	708	190	391	1.78
43C	Plan 4	709	206	384	1.79
43D	Plan 5	708	190	386	1.78
43R	Plan 4	709	54	389	1.79
43S	Plan 5	708	65	393	1.78

43T	Plan 4	709	54	385	1.79
43U	Plan 5	708	65	387	1.78

Building 19:

Apt. No.	Type	Net Living Area (s.f.)	Lanai (s.f.)	Parking Stall(s)	Percentage Common Interest
44A	Plan 4	709	206	377	1.79
44B	Plan 5	708	190	381	1.78
44C	Plan 4	709	206	383	1.79
44D	Plan 5	708	190	375	1.78
44R	Plan 4	709	54	378	1.79
44S	Plan 5	708	65	380	1.78
44T	Plan 4	709	54	382	1.79
44U	Plan 5	708	65	376	1.78

Building 20:

Apt. No.	Type	Net Living Area (s.f.)	Lanai (s.f.)	Parking Stall(s)	Percentage Common Interest
45A	Plan 4	709	206	369	1.79
45B	Plan 5	708	190	372	1.78
45C	Plan 4	709	206	374	1.79
45D	Plan 5	708	190	367	1.78
45R	Plan 4	709	54	370	1.79
45S	Plan 5	708	65	371*	1.78
45T	Plan 4	709	54	373	1.79
45U	Plan 5	708	65	368	1.78

-NOTES:- All stalls are standard size stalls. Those stalls designated with an asterisk (*) above are uncovered.

DESCRIPTION OF APARTMENT TYPES:

Plan 4 and Plan 5 Apartments

Plan 4 and Plan 5 apartments each contain a single bath, a living room, a dining room, a kitchen and two (2) bedrooms. The Plan 4 and Plan 5 apartments also contain 709 and 708 square feet of net living area, respectively. In addition, first story apartments have a limited

common element courtyard/lanai enclosed with a privacy fence and second story apartments have a limited common element lanai.

BREAKDOWN OF APARTMENT TYPES AND COMMON INTEREST

Model	% Common Interest	Number in Project	Total % Common Interest
4	1.79 %	28	50.12 %
5	1.78 %	28	49.84 %
			100.00%*

The common interest attributable to each apartment was calculated by dividing the net living area of each individual apartment by the total net living area of all apartments within the Project.

* In order to permit the common interest for all apartments to equal exactly one hundred percent (100%), as required by Chapter 514A of the Hawaii Revised Statutes, the common interest attributable to Apartment Nos. 39U, 40U, 41U and 42U were each increased by .01%.

EXHIBIT H
ENCUMBRANCES AGAINST TITLE

PHASE V:

1. For real property taxes due and owing, reference is made to the Tax Assessor, City and County of Honolulu.
2. Title to all mineral and metallic mines reserved to the State of Hawaii.
3. Annexation instrument dated February 8, 1995, recorded in the Office of the Registrar of the Land Court of the State of Hawaii as Document No. 1282262, annexing the within premises to Gentry-Waipio and subjecting the projects to that certain Gentry-Waipio Community Area Declaration of Covenants, Conditions and Restrictions dated November 17, 1978, recorded in said Office as Document No. 909239, as amended by that certain instrument dated November 17, 1980, recorded in said Office as Document No. 1042252.
4. That certain Unilateral Agreement and Declaration for Conditional Zoning dated February 12, 1982, recorded in said Office as Document No. 1105595.
5. Easement 4274 as shown on Map No. 651, as set forth by Land Court Order No. 73345, filed on March 21, 1985 in said Office; for drainage purposes.
6. Easement 4515 as shown on Map No. 664, as set forth by Land Court Order No. 75725, filed on October 21, 1985 in said Office; for drainage purposes.
7. Grant of Easement in favor of the City and County of Honolulu, a municipal corporation of the State of Hawaii, dated December 16, 1986, recorded in said Office as Document No. 1514740; granting an easement over Easement 4515.
8. Easement 4516 as shown on Map No. 664, as set forth by Land Court Order No. 75725, filed on October 21, 1985 in said Office; for sewer purposes.
9. Grant of Easement in favor of the City and County of Honolulu, a municipal corporation of the State of Hawaii, dated December 16, 1986, recorded in said Office as Document No. 1514781; granting an easement over Easement 4516.
10. Agreement for Issuance of Special Use Permit Under Section 21-2.71, Revised Ordinances of Honolulu, 1978 dated December 18, 1985, recorded in said Office as Document No. 1341011.
11. Condominium Map No. 1493, filed in said Office.
12. Covenants, conditions, restrictions, reservations, agreements, obligations, provisions, easements and by laws set forth in that certain The Royal Palm at Waipio– Phase V Cancellation; and Restatement Declaration of Condominium Property Regime dated July 10, 2002, recorded in said Office as Document Nos. 2824589 and 2824590; but omitting any covenants or restrictions, if any, based upon race, color, religion, sex, handicap, familial status,

or national origin unless and only to the extent that said covenant (a) is exempt under Chapter 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

Said Declaration was amended by that certain instrument dated November 26, 2002, recorded in said Office as Document No. 2865575.

13. Restatement of By-Laws of the Association of Apartment Owners of The Royal Palm at Waipio - Phasc V dated July 10, 2002, recorded in said Office as Document No. 2824591.

14. Recreation Area License Agreement dated October 6, 1998, recorded in said Office as Document No. 2495879.

15. Grant of Easement in favor of Hawaiian Electric Company, Inc., a Hawaii corporation, and GTE Hawaiian Telephone Company, Incorporated, a Hawaii corporation, dated June 15, 1999, recorded in said Office as Document No. 2575820; granting an easement for utility purposes.

16. Terms, provisions and conditions as contained in that certain Quitclaim Apartment Deed dated March 24, 2003, recorded in said Office on March 25, 2003 as Document No. 2907289, and the effect of any failure to comply with such terms, provisions and conditions.

17. Any and all easements encumbering the apartments of the Project and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration of Condominium Property Regime, as said Declaration may be amended from time to time in accordance with the law, and/or in the Apartment Deed and/or as delineated on said Condominium Map.

18. Assignment of Development Rights dated December 1, 2000, made by and between Gentry-Alaneo, a Hawaii limited partnership, as Assignor, and the Royal Palm Investment Company, LLC, a Virginia limited liability company, and Jerry Lynch, husband of Jeri Lu Lynch, as Assignee, recorded in said Office on December 27, 2000 as Document No. 2673510.

Said Development Rights were further assigned by that certain instrument dated July 3, 2002, made by and between The Royal Palm Investment Company, LLC, a Virginia limited liability company, as Assignor, and Jerry Lynch, husband of Jeri Lu Lynch, as Assignee, recorded in said Office on July 22, 2002 as Document No. 2824581.

19. Financing Statement (UCC-1) recorded on December 26, 2001 at the Bureau of Conveyances of the State of Hawaii as Document No. 2001-203553.

20. Financing Statement (UCC-1) recorded on January 15, 2002 at said Bureau as Document No. 2002-006592.

21. Mortgage dated September 10, 2002, made by Jerry Lynch, husband of Jeri Lu Lynch, as Mortgagor, and Bank of Hawaii, a Hawaii corporation, as Mortgagee, recorded in said Office as Document No. 2840511.

Said Mortgage was amended by that certain instrument dated March 14, 2003, recorded in said Office on March 20, 2003 as Document No. 2905446.

Assumption Agreement, Consent and Release by Lender dated March 18, 2003, recorded in said Office on March 25, 2003 as Document No. 2907291.

Said Mortgage was further amended by that certain instrument dated March 18, 2003, recorded in said Office on March 25, 2003 as Document No. 2907293, and also recorded at said Bureau as Document No. 2003-055124.

22. Assignment of Rents dated September 10, 2002, recorded at said Bureau as Document No. 2002-162543.

Said Assignment was amended by that certain instrument dated March 14, 2003, recorded at said Bureau on March 20, 2003 as Document No. 2003-052040.

Assumption Agreement, Consent and Release by Lender dated March 18, 2003, recorded at said Bureau on March 25, 2003 as Document No. 2003-055122.

Said Assignment was further amended by that certain instrument dated March 18, 2003, recorded in said Office on March 25, 2003 as Document No. 2907293, and also recorded at said Bureau as Document No. 2003-055124.

23. Assignment of Sales Contracts and Sales Proceeds dated September 10, 2002, made by and between Jerry Lynch, husband of Jeri Lu Lynch, as Assignor, and Bank of Hawaii, as Assignee, recorded in said Office on September 13, 2002 as Document No. 2002-162544.

Said Assignment was amended by that certain instrument dated March 14, 2003, recorded at said Bureau on March 20, 2003 as Document No. 2003-052040.

Assumption Agreement, Consent and Release by Lender dated March 18, 2003, recorded at said Bureau on March 25, 2003 as Document No. 2003-055123.

Said Assignment was further amended by that certain instrument dated March 18, 2003, recorded in said Office on March 25, 2003 as Document No. 2907293, and also recorded at said Bureau as Document No. 2003-055124.

24. Assignment of Development Rights dated March 6, 2003, made by and between Jerry Lynch, husband of Jeri Lu Lynch, as Assignor, and Royal Palm Trading Company, LLC, a Virginia limited liability company, as Assignee, recorded in said Office on March 25, 2003 as Document No. 2907290.

25. Additional Charge Mortgage dated March 18, 2003, recorded in said Office on March 25, 2003 as Document No. 2907293, and also recorded at said Bureau as Document No. 2003-055124.

(NOTE: ENCUMBRANCES 19 THROUGH 23, INCLUSIVE, AND 25 WILL BE REMOVED AT THE CLOSING OF THE SALE OF EACH APARTMENT.)

EXHIBIT H-1
BLANKET LIENS

1. Financing Statement (UCC-1) recorded on December 26, 2001 at the Bureau of Conveyances of the State of Hawaii as Document No. 2001-203553.

2. Financing Statement (UCC-1) recorded on January 15, 2002 at said Bureau as Document No. 2002-006592.

3. Mortgage dated September 10, 2002, made by Jerry Lynch, husband of Jeri Lu Lynch, as Mortgagor, and Bank of Hawaii, a Hawaii corporation, as Mortgagee, recorded in said Office as Document No. 2840511.

Said Mortgage was amended by that certain instrument dated March 14, 2003, recorded in said Office on March 20, 2003 as Document No. 2905446.

Assumption Agreement, Consent and Release by Lender dated March 18, 2003, recorded in said Office on March 25, 2003 as Document No. 2907291.

Said Mortgage was further amended by that certain instrument dated March 18, 2003, recorded in said Office on March 25, 2003 as Document No. 2907293, and also recorded at said Bureau as Document No. 2003-055124.

4. Assignment of Rents dated September 10, 2002, recorded at said Bureau as Document No. 2002-162543.

Said Assignment was amended by that certain instrument dated March 14, 2003, recorded at said Bureau on March 20, 2003 as Document No. 2003-052040.

Assumption Agreement, Consent and Release by Lender dated March 18, 2003, recorded at said Bureau on March 25, 2003 as Document No. 2003-055122.

Said Assignment was further amended by that certain instrument dated March 18, 2003, recorded in said Office on March 25, 2003 as Document No. 2907293, and also recorded at said Bureau as Document No. 2003-055124.

5. Assignment of Sales Contracts and Sales Proceeds dated September 10, 2002, made by and between Jerry Lynch, husband of Jeri Lu Lynch, as Assignor, and Bank of Hawaii, as Assignee, recorded in said Office on September 13, 2002 as Document No. 2002-162544.

Said Assignment was amended by that certain instrument dated March 14, 2003, recorded at said Bureau on March 20, 2003 as Document No. 2003-052040.

Assumption Agreement, Consent and Release by Lender dated March 18, 2003, recorded at said Bureau on March 25, 2003 as Document No. 2003-055123.

Said Assignment was further amended by that certain instrument dated March 18, 2003, recorded in said Office on March 25, 2003 as Document No. 2907293, and also recorded at said Bureau as Document No. 2003-055124.

6. Additional Charge Mortgage dated March 18, 2003, recorded in said Office on March 25, 2003 as Document No. 2907293, and also recorded at said Bureau as Document No. 2003-055124.

EXHIBIT K

SUMMARY OF PERTINENT PROVISIONS OF ESCROW AGREEMENT

The Escrow Agreement (the "Escrow Agreement"), executed by and between Old Republic Title & Escrow of Hawaii, Ltd., as Escrow, and The Royal Palm Investment Company, LLC and Jerry Lynch (the predecessor of Royal Palm Trading Company, LLC as developer of Phase V), as Seller, and assigned to Royal Palm Trading Company, LLC as to Phase V of the Project, provides in part as follows:

A. When Seller (Developer) shall enter into a Deposit Receipt and Sales Contract for the conveyance of an apartment or other interest in the Project ("Sales Contract"), it shall require the payments of deposits due thereunder to be promptly made to Escrow, and shall deliver an executed copy of the Sales Contract to Escrow together with the address of the Buyer. Seller shall also promptly pay over to Escrow all monies (including checks) received by Seller from or on behalf of the Buyers, including those received on any Sales Contract, and all payments made on loan commitments from lending institutions on account of any apartment in the Project, other than funds received from interim financing.

B. Escrow shall receive, deposit and hold in separate escrow accounts and disburse as set forth in the Agreement: (a) all payments received by it under Sales Contracts, (b) such sums received by it under the Agreement from or for the account of Seller, and (c) all sums received by it from any other source with respect to the Project. Escrow shall not at any time commingle or permit the commingling of any Buyer's funds with funds belonging to or held for the benefit of Seller. All funds and instruments received from Buyers or prospective Buyers shall be held by Escrow in accordance with the provisions contained in Chapter 514A of the Hawaii Revised Statutes. All monies received by Escrow hereunder shall be deposited, within a reasonable time of the receipt by Escrow and in reasonably convenient and practical sums, in a trust fund with a bank, savings and loan or trust company authorized to do business in the State of Hawaii under an escrow arrangement, and shall be held in immediately available funds in accordance with the terms the Escrow Agreement.

C. Escrow shall make no disbursements of Buyers' funds or proceeds from the sale of apartments in the Project (including any payments made on loan commitments from lending institutions), except by way of refunds thereof as provided in the Agreement, until Escrow has received a letter from Seller stating that the Buyers have signed the required Receipt and Notice of Right to Cancel or are deemed to have receipted for the public reports and to have waived their right to cancel, and stating further that no subsequent events have occurred which would give the Buyers the right to rescind, the Sales Contracts have "become binding" and "the requirements of Sections 514A-40, 514A-39.5 and 514A-63" of the Hawaii Revised Statutes have been met, as said phrases are used in Section 514A-65, Hawaii Revised Statutes, and further that the requirements of Section 514A-62 of the Hawaii Revised Statutes have been met.

D. Each Buyer shall be entitled to a return of his or her funds, without interest, and Escrow shall pay such funds to such Buyer, promptly after request for return by the Buyer if one of the following has occurred:

(1) Escrow receives a written request from Seller to return to the Buyer the funds of the Buyer then being held by Escrow;

(2) Seller notifies Escrow in writing of Seller's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated therein or otherwise available to Seller;

(3) The conditions providing for a refund under Section 514A-62 or under Section 514A-63 of the Hawaii Revised Statutes (as amended on the date upon which the Sales Contract becomes binding and effective) have been met, and written notice thereof has been provided to Seller.

Upon the return of said funds to the Buyer as aforesaid, Escrow shall return to Seller such Buyer's Sales Contract and any conveyancing documents theretofore delivered to Escrow pursuant to such Sales Contract; and thereupon the Buyer shall no longer be obligated under the Sales Contract. Other documents delivered to Escrow relating to the sale of the apartment identified in such Sales Contract will be returned to the person from whom or entity from which they were received.

Upon the cancellation of any Sales Contract as specified above, Escrow shall be entitled to a \$25.00 cancellation fee.

E. If the Buyer fails to make any payment on or before the due date thereof or if the Buyer does or fails to do any act which would constitute an event of default under the Sales Contract, Seller shall promptly give to such Buyer and to Escrow, written notice of default. If Buyer has failed to cure the default after the delivery of notice by Escrow and such default continues after the expiration of any grace period, Escrow shall so advise Seller. If Seller shall thereafter certify in writing to Escrow: (1) that Seller has elected to terminate the Sales Contract and has notified the Buyer, or (2) that Buyer is otherwise in default, then, and in either event, Escrow, subject to the provisions relating to dispute and conflicting demands set forth in paragraph 14 of the Agreement, shall thereafter treat all funds of the Buyer paid under such Sales Contract, less Escrow's cancellation fee, as funds of Seller and not of the Buyer. Thereafter, such funds shall be held free of the escrow established by the Agreement and shall be held by Escrow for the account of Seller. Upon written request by Seller, Escrow shall pay such funds to Seller or order and shall return to Seller the Sales Contract of such Buyer and any other documents theretofore delivered to Escrow in connection with the purchase of the apartment specified in such Sales Contract shall be returned to the person from whom or entity from which such documents were received.

THIS EXHIBIT CONTAINS ONLY A BRIEF SUMMARY OF THE PROVISIONS CONTAINED IN THE ESCROW AGREEMENT. PROSPECTIVE BUYERS SHOULD READ AND UNDERSTAND ALL OF THE PROVISIONS CONTAINED IN THE AGREEMENT.

EXHIBIT "K"
(Page 2 of 2)