

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer Hobron Hotel, L.L.C.
Address 333 South Grand Avenue, 28th Floor, Los Angeles, California 90071
Project Name(\*): HALENOHONA
Address: 343 Hobron Lane, Honolulu, Hawaii 96815

Registration No. 5004 (conversion) Effective date: February 21, 2003
Expiration date: March 21, 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:

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

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

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

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

(\* ) Exactly as named in the Declaration

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

**Disclosure Abstract:** Separate Disclosure Abstract 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:

<b>SPECIAL ATTENTION SHOULD BE GIVEN TO THE SUMMARY OF RIGHTS RESERVED TO THE DEVELOPER (EXHIBIT "J")</b>
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.....  
SPECIAL ATTENTION

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

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.  
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## TABLE OF CONTENTS

	Page
Preparation of this Report .....	1
Expiration Date of Reports .....	1
Type of Report .....	1
Disclosure Abstract .....	2
Summary of Changes from Earlier Public Reports .....	2
Table of Contents .....	3
General Information on Condominiums .....	4
Operation of the Condominium Project .....	4
I. PERSONS CONNECTED WITH THE PROJECT .....	5
Developer	
Attorney for Developer	
General Contractor	
Real Estate Broker	
Escrow Company	
Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration .....	6
B. Condominium Map (File Plan) .....	6
C. Bylaws .....	6
D. House Rules .....	7
E. Changes to Condominium Documents .....	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer .....	8
B. Underlying Land .....	9
C. Buildings and Other Improvements .....	10
D. Common Elements, Limited Common Elements, Common Interest .....	13
E. Encumbrances Against Title .....	14
F. Construction Warranties .....	15
G. Status of Construction .....	16
H. Project Phases .....	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements .....	17
B. Estimate of Initial Maintenance Fees .....	17
C. Utility Charges for Apartments .....	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission .....	18
B. Buyer's Right to Cancel Sales Contract .....	18
C. Additional Information Not Covered Above .....	20
D. Signature of Developer .....	21
EXHIBIT A: Description of Building	
EXHIBIT B: Parking Stalls	
EXHIBIT C: Common Elements	
EXHIBIT D: Limited Common Elements	
EXHIBIT E: Common Interests	
EXHIBIT F: Encumbrances Against Title	
EXHIBIT G: Estimates of Association Maintenance Fees and Clubhouse Fees and Estimates of Association Maintenance Fee Disbursements and Clubhouse Fee Disbursements	
EXHIBIT H: Summary of Sales Contract	
EXHIBIT I: Summary of Escrow Agreement	
EXHIBIT J: Reserved Rights	
EXHIBIT K: Permitted Alterations to Apartments	
EXHIBIT L: Unit Selection Form and Notice of Chronological Reservation System and Receipt of Owner-Occupant Affidavit Form	

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Hobron Hotel, L.L.C. Phone: (213) 830-6318  
Name\* (Business)  
333 South Grand Avenue, 28<sup>th</sup> Floor  
Business Address  
Los Angeles, California 90071

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

Oaktree Capital Management, LLC (Manager of Developer) ("OCM")  
Sean Armstrong (Managing Director)/Russel Bernard (Principal/Member) are the pertinent representatives of OCM

Real Estate  
Broker\*: Fountains Retirement Communities of Hawaii, Inc., Phone: (808) 941-8825  
dba HaleNohona Properties (Business)  
Name  
1888 Kalakaua Avenue, Suite C303  
Business Address  
Honolulu, Hawaii 96815

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

General  
Contractor\*: U.S. Pacific Construction, Inc. Phone: (808) 540-0777  
Name (Business)  
1001 Bishop Street, Pauahi Tower Suite 1250  
Business Address  
Honolulu, Hawaii 96813

Condominium  
Managing  
Agent\*: Fountains Retirement Communities of Hawaii, Inc., Phone: (808) 941-8825  
dba HaleNohona Properties, is the anticipated Agent, (Business)  
but no contract has been signed  
Name  
1888 Kalakaua Avenue, Suite C303  
Business Address  
Honolulu, Hawaii 96815

Attorney for  
Developer: Case Bigelow & Lombardi Phone: (808) 547-5400  
Name (Business)  
Pacific Guardian Center, Mauka Tower  
737 Bishop Street, Suite 2600  
Business Address  
Honolulu, Hawaii 96813

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

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

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

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

The Declaration for this condominium is:

- Proposed  
 Recorded - Bureau of Conveyances Document No. \_\_\_\_\_  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court Document Number \_\_\_\_\_

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 Condominium Map No. \_\_\_\_\_  
 Filed - Land Court Condominium Map No. \_\_\_\_\_

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 Number \_\_\_\_\_

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

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

The House Rules for this condominium are:

Proposed                       Adopted                       Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>Majority Vote of 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.

\*\* Certain provisions of the Rules will require approval of at least 65% of the Owners to be amended.

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 Exhibit J to this public report]

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- [ X ] Fee Simple: Individual apartments and the common elements, which includes the underlying land, will be in fee simple.
[ ] Leasehold or Sub-leasehold: 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 \_\_\_\_\_ contains a schedule of the lease rent for each apartment per [ ] Month [ ] Year

For Sub-leaseholds:

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

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

- [ ] Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

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

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

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per: [ ] Month [ ] Year

- [ ] Other:



**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

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

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

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

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

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

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

**B. Underlying Land:**

Address: 343 Hobron Lane Tax Map Key (TMK): (1) 2-6-12:047  
Honolulu, Hawaii 96815

Address  TMK is expected to change because \_\_\_\_\_  
\_\_\_\_\_

Land Area: 44.276  square feet  acre(s) Zoning: Apartment,  
Waikiki Business  
Improvement District, No.1

Fee Owner: Hobron Hotel, L.L.C.  
 Name  
333 South Grand Avenue, 28<sup>th</sup> Floor  
 Address  
Los Angeles, California 90071

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

\* Although the shell of the building will remain, all of the apartments will be newly constructed as part of this Project.

2. Number of Buildings: 1 Floors Per Building 44

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other steel, glass and other building materials

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning		No. of Apts.	Use Permitted By Zoning
<input checked="" type="checkbox"/> Residential	<u>163 *</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

\*Note: Pursuant to the Conditional Use Permit referenced on page 20b, 184 apartments are actually permitted.

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes  No

5. Special Use Restrictions:

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

- Pets No pets or other animals permitted; provided that the board may authorize the keeping by occupants of parakeets, canaries, aquarium fish, and one dog or one cat, subject to limitations as set forth in the Bylaws and/or the project rules.
- Number of Occupants: Occupancy is limited to no more than two persons per bedroom in each Apartment. Occupancy is defined as staying overnight more than 21 days in a 60-day period or 30 days in a 12-month period.
- Other: At least one occupant must be 55 years of age or older and no occupants may be under 18 years of age; no "time-sharing" permitted; no water beds without Board approval. The Conditional Use Permit ("CUP") referenced on page 20b contains (and the Declaration of Restrictive Covenants recorded pursuant to the CUP contains) additional restrictions.
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 6 Stairways: 2 Trash Chutes: 1

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>Identify</u>
<u>Plan 1A</u>	<u>18</u>	<u>1/1</u>	<u>615</u>	<u>---</u>	<u>---</u>
<u>Plan 1B-2S</u>	<u>1</u>	<u>3/5</u>	<u>1,924</u>	<u>---</u>	<u>---</u>
<u>Plan 1C</u>	<u>15</u>	<u>2/2</u>	<u>902</u>	<u>---</u>	<u>---</u>
<u>Plan 1D</u>	<u>1</u>	<u>1/1</u>	<u>623</u>	<u>---</u>	<u>---</u>
<u>Plan 2A</u>	<u>19</u>	<u>2/2</u>	<u>939</u>	<u>---</u>	<u>---</u>
<u>Plan 2B-2S</u>	<u>1</u>	<u>3/5</u>	<u>1,974</u>	<u>---</u>	<u>---</u>
<u>Plan 2C</u>	<u>9</u>	<u>2/2.5</u>	<u>1,089</u>	<u>---</u>	<u>---</u>
<u>Plan 2D</u>	<u>5</u>	<u>2/2</u>	<u>1,012</u>	<u>---</u>	<u>---</u>
<u>Plan 2E</u>	<u>1</u>	<u>2/2.5</u>	<u>1,079</u>	<u>---</u>	<u>---</u>
<u>Plan 2PH</u>	<u>2</u>	<u>0/0</u>	<u>2,099</u>	<u>---</u>	<u>---</u>
<u>Plan 3A</u>	<u>19</u>	<u>2/2</u>	<u>939</u>	<u>---</u>	<u>---</u>
<u>Plan 3B-2S</u>	<u>1</u>	<u>3/5</u>	<u>1,886</u>	<u>---</u>	<u>---</u>
<u>Plan 3C</u>	<u>14</u>	<u>2/2</u>	<u>1,013</u>	<u>---</u>	<u>---</u>
<u>Plan 3D</u>	<u>1</u>	<u>2/2</u>	<u>1,004</u>	<u>---</u>	<u>---</u>
<u>Plan 3PH</u>	<u>2</u>	<u>0/0</u>	<u>2,043</u>	<u>---</u>	<u>---</u>
<u>Plan 4A</u>	<u>18</u>	<u>1/1</u>	<u>657</u>	<u>---</u>	<u>---</u>
<u>Plan 4B-2S</u>	<u>1</u>	<u>3/5</u>	<u>1,922</u>	<u>---</u>	<u>---</u>
<u>Plan 4C</u>	<u>15</u>	<u>2/2</u>	<u>939</u>	<u>---</u>	<u>---</u>
<u>Plan 4D</u>	<u>1</u>	<u>1/1</u>	<u>662</u>	<u>---</u>	<u>---</u>
<u>Plan 5A</u>	<u>18</u>	<u>1/1</u>	<u>545</u>	<u>---</u>	<u>---</u>
<u>Plan 5B</u>	<u>1</u>	<u>1/1</u>	<u>550</u>	<u>---</u>	<u>---</u>
<b>Total Number of Apartments:</b>			<u>163</u>		

\*The floor areas shown are approximate only.

**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.** The areas of the apartments are likely to vary somewhat. Even apartments of the same type may differ in their actual areas. The Developer makes no representations or warranties whatsoever as to the floor area of any particular apartment.

The approximate net living area of each Apartment as set forth above is measured from the interior surface of the apartment perimeter walls and includes all of the walls, columns, shafts and partitions within its perimeter walls, whether load-bearing or non-load-bearing and whether among the Common Elements or not. For example, running through most every Apartment and included within the approximate net living areas of such Apartments set forth above is an existing three square-foot fire-rated shaft, located as shown on the Condominium Map. The shaft is part of the Common Elements and not part of the Apartment.

**Boundaries of Each Apartment:** The various Apartment types and their respective areas are more particularly described in Exhibit "B" attached to the Declaration. Each Apartment shall be deemed to include (a) all walls, columns and partitions that are not load-bearing within the Apartment's perimeter walls, (b) the inner decorated or finished surfaces of all floors, ceilings and perimeter party or non-party walls, (c) any doors or panels along the perimeter walls of such Apartment, (d) the air space within the perimeter of the Apartment, (e) all appliances and fixtures, and replacements thereof, installed in the Apartment, (f) all pipes, plumbing, shafts, ducts, pumps, wires, conduits and other utility or service lines and facilities running through such Apartment which are utilized for and serve only that Apartment, (g) all cranks, frames and other window or sliding door hardware, and (h) any air conditioning equipment or apparatus serving only the Apartment, including, without limitation, the controls, valves, piping, vents, ducts, compressor, fan, refrigerant coil and piping, condensate drain pan and piping and filters. Notwithstanding anything in the previous sentence to the contrary, the respective Apartments shall not be deemed to include (v) the undecorated or unfinished portions of the perimeter party or non-party walls or interior load-bearing walls, (w) the undecorated or unfinished portions of the floors and ceilings surrounding each Apartment, (x) the undecorated or unfinished portions of the interior load-bearing columns, girders and beams, (y) any pipes, plumbing, shafts, ducts, pumps, wires, conduits and other utility or service lines and facilities running through an Apartment which are utilized for or serve more than one Apartment, or (z) any exterior windows, all of which are deemed Common Elements as provided in the Declaration.

**Permitted Alterations to Apartments:** See Exhibit K to this public report.

**Apartments Designated for Owner-Occupants Only:**

Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement. Developer has elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 215\*

	<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	<u>128</u>	<u>23</u>	<u>18</u>	<u>2</u>	<u>      </u>	<u>      </u>	<u>171</u>
Guest	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Unassigned**	<u>16</u>	<u>2</u>	<u>19</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>37</u>
Extra for Purchase	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Other: <u>Bike/Non-conforming:</u> <u>May be converted to full-size</u> <u>stalls</u>	<u>4</u>	<u>2</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>6</u>
<u>Permanently non-conforming</u>	<u>1</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>1</u>
Total Covered & Open:	<u>176</u>	<u>      </u>	<u>39***</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>215*</u>

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

\* This total includes 7 stalls that are currently non-conforming, 6 of which may be converted to regular size spaces and assigned to apartments. Also, due to height restrictions, parking in the parking structure is limited to vehicles not exceeding 6 feet, 2 inches. Due to the intrusion of walls and columns, some parking stalls may not conform to current parking regulations as either regular or compact stalls.

\*\* The Developer has reserved the right to designate parking stalls not otherwise designated as limited common elements to be appurtenant to and for the exclusive use of any apartment in the Project or in any other phase merged or to be merged with the Project, or as guest parking stalls for the Project or any other phase merged or to be merged with the Project. See Exhibit J to this public report.

\*\*\*According to the Conditional Use Permit, the compact parking stalls are considered non-conforming, because they are not standard (regular) size (18 feet x 8.25 feet). However, the City granted a modification to the Developer to allow the use of compact parking stalls.

- Commercial parking garage permitted in condominium project.
- Exhibit B contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities.

- There are no recreational or common facilities.
- Swimming pool                       Storage Area                       Recreation Area
- Laundry Area                       Tennis Court                       Trash Chute/Enclosure(s)
- Other: "Clubhouse," to be comprised of sundry store, multi-purpose room, reading/card/computer area, medic office, exam and "rehab" rooms, massage room, nail/spa area, kitchen/dining room, bar, theater

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

- There are no violations.\*                       Violations will not be cured.
- Violations and cost to cure are listed below:                       Violations will be cured by \_\_\_\_\_  
(Date)

\*The title report referenced in Section III.E. of this public report states that the building face in the vicinity of Lot 95 may be in violation of zoning ordinance setback requirements, as shown on survey map prepared by Patrick M. Cummins, Registered Professional Land Surveyor with AUSTIN, TSUTUMI & ASSOCIATES, INC., dated October 16, 1986. The City and County of Honolulu has not notified the Developer that such a violation exists and, thus, no actions will be taken with respect to the same. Also, it is important to note that because the Developer did not construct the existing building, the Developer cannot and will not make any representations with respect to the structure of the building or the exterior of the building.

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):  
Because only the shell of the existing building will remain, with all apartments being newly constructed, and because the building was previously a hotel and not a residential apartment building, this item is not applicable.

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:

1. Variance No. 93/VAR-40 approved by the City Department of Land Utilization (now the Department of Planning and Permitting ("DPP")) on October 13, 1993, to allow (retain) a 878-square foot enclosure within the ground floor of the parking garage to be used as an engineering shop.
2. On December 13, 2002, the DPP approved a variance to allow dead-end hallways and corridors that exceed 20 feet in length.
3. A request to the DPP for a variance allowing multi-floor apartments will also be made.
4. See Page 20b of this public report for a discussion of a Conditional Use Permit for a Group Living Facility.

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	_____	X*	_____
Structures	_____	X**	_____
Lot	X	_____	_____

\* The existing hotel, which is being converted to a residential condominium apartment building, is considered a nonconforming use. Use of the building for condominium apartments will bring the building into conformance with its current zoning. Within the parking garage, there are 39 nonconforming compact parking spaces. According to the Conditional Use Permit ("CUP"), the compact parking stalls are considered non-conforming, because they are not standard (regular) size (18 feet x 8.25 feet). However, the City granted a modification to the Developer to allow the use of compact parking stalls.

\*\* According to the CUP, the existing building exceeds the Apartment Precinct density standards. Constructed under the H-2 Hotel District provisions of the old comprehensive Zoning Code, it exceeds the maximum density by about 145,000 square feet, and is nonconforming. The required yards are deficient in landscaping, and the building exceeds the height limit by about four feet. Despite these non-conformities, all of which are referenced in the CUP, the City issued the CUP without making their remediation a condition to such issuance.

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  C .

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit  D .

as follows:

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 .

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  December 5, 2002  and issued by  Title Guaranty of Hawaii, Incorporated .

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.

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

[ ] 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.

Type of Lien

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

\*Although there is no mortgage on record now, the Developer does intend to obtain a construction loan, which will be secured by a mortgage on the Project and, while they are owned by the Developer, the individual apartments.

The Buyer's contract will be subject to cancellation and the Buyer may not be able to purchase the apartment, but all deposits made by the Buyer will be refunded, less an escrow cancellation fee.

**F. Construction Warranties:**

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

1. **Building and Other Improvements:**

The Developer did not construct the existing building. As such, no warranties whatsoever can or will be given or passed on with respect to the structure of the building or the exterior of the building, including the windows and window frames. With respect to work performed on behalf of the Developer, which does NOT include the structure of the building or the exterior of the building (e.g., windows and window frames), the Developer will require from the general contractor for the Project a written warranty with respect to any defects in each apartment and the common elements due to faulty materials and/or workmanship which are discovered and reported within one year from the "Date of Substantial Completion" as defined in the construction contract. The Developer makes no warranties itself; however, the Developer will attempt to assign to each apartment owner any and all warranties given the Developer by the general contractor for the project and by any subcontractors or materialmen.

2. **Appliances:**

The Developer makes no warranties itself. However, the Developer will attempt to assign to each apartment owner the benefit of any manufacturer's or dealer's warranties covering the appliances or other consumer products or goods in his or her apartment. Each apartment owner shall have the direct benefit of any such warranties, if the Developer's attempted assignment is successful and binding. These warranties, if available, will expire at different times, depending on the date of manufacture, sale or installation of the appliances.



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

As noted, the shell of the building will remain, while all of the Apartments will be newly constructed. Construction of the model apartments is anticipated to be substantially completed around February 2003. Construction/renovation of the common areas (including levels 1, 2 and 5 and the parking facilities) is anticipated to begin around May 2003 and is anticipated to be substantially completed around November 2003. Construction of apartments numbered 2601 through 4403 is anticipated to begin around March 2003 and is anticipated to be substantially completed around November 2003. Construction of apartments numbered 601 through 2405 is anticipated to begin around August 2003 and is anticipated to be substantially completed around April 2004.

**IT IS IMPORTANT TO NOTE THAT THE DATES SET FORTH ABOVE ARE JUST ESTIMATES AND THE ACTUAL DATES OF COMMENCEMENT AND/OR COMPLETION MAY VARY.**

**H. Project Phases:**

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

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

- A. Merger: The Developer has reserved the right (but is not obligated), in its sole and absolute discretion, to merge this Project with other condominium projects for purposes of use and administration and possibly ownership, as provided in the Declaration of Merger of Condominium Phases, to be recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, as may be amended from time to time (the "Declaration of Merger"). Pursuant to an "administrative merger," use of the common elements, the common expenses and management of the phases would be shared, but the ownership interests of the apartment owners in each phase would not be altered or affected. In other words, an apartment owner owning an apartment in HaleNohona, while having the right to use the common elements (including the recreational facilities) of other merged phases, would not have an ownership interest in the other merged phases. Similarly, the owner of an apartment in another merged phase, while having the right to use the common elements of the Project, would not have an ownership interest in the common elements of the Project. An "ownership merger", on the other hand, would provide for the common ownership of all of the merged phases. Upon an ownership merger, all of the apartments in the merged phases would be treated as if they were all included in a single condominium project (the "merged project"), all common elements of the merged phases would become common elements of the merged project, and the common interest appurtenant to each apartment would be altered from the common interest set forth in Exhibit E to the common interest set forth in a "certificate of ownership merger," as provided in the Declaration of Merger. An ownership merger may also include a legal consolidation of the land underlying and included in HaleNohona with any parcel(s) of land underlying and included in any of the additional phases. Each prospective purchaser should carefully review the applicable provisions of the Declaration of Condominium Property Regime and the Declaration of Merger regarding the rights reserved to the Developer relating to development in phases and the merger of such phases. See Exhibit J of this public report for further information concerning merger.
- B. Additional Apartments. The Developer has reserved the right (but is not obligated) to develop and add to the Project buildings containing additional apartments in the vicinity of the Project. Each time additional apartments are added to the Project, the common interest for each apartment in the Project would be adjusted. See Exhibit J of this public report for further information concerning the addition of apartments.
- C. Incremental Development. The Developer has reserved the right (but is not obligated), without being required to obtain the consent or joinder of any other person who may have an interest in the Project or in any apartment, to develop the apartments in increments on an apartment-by-apartment or floor-by-floor basis. See Exhibit J of this public report for further information concerning incremental development.

IV. CONDOMINIUM MANAGEMENT

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

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

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

not affiliated with the Developer  the Developer or the Developer's affiliate.  
 self-managed by the Association of Apartment Owners  Other: \_\_\_\_\_

B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit G contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change). Exhibit G also contains a schedule of the estimated initial Clubhouse Fees that will be charged against each apartment.

NOTE: The Estimated Maintenance Fee Disbursements have been compiled on behalf of the Developer on the basis of standard budget assumptions. Although every effort has been made to estimate the actual cost of operation, certain budget items, especially insurance in today's insurance market, may change. The buyer must be aware that such amounts are only estimates and may change for reasons beyond the control of Developer, and, by taking title to an apartment, the buyer accepts and approves any such changes. The buyer must also be aware that such estimates do not include the buyer's obligation for payment of real property taxes. The buyer understands that such estimates are not intended to be and do not constitute any representation or warranty by the Developer, including but not limited to any representation or warranty as to the accuracy of such estimates. The Developer advises that costs and expenses of maintenance and operation of a condominium project are very difficult to estimate initially and even if such maintenance charges have been accurately estimated, such charges will tend to increase in an inflationary economy and as the improvements age. Maintenance charges can vary depending on services desired by apartment owners. The Buyer should examine the maintenance charges schedule to see what services are included in the schedule. Buyers should also be aware that the estimates provided are as of the date reflected in the schedule and do not reflect the actual charges that may be incurred upon the formation of the Association and the actual contracting for such services such as insurance and maintenance, etc.

NOTE: Pursuant to HRS § 514A-15(b), Developer intends to pay all of the actual "common expenses" of the Project until such time as Developer files a disclosure abstract with the Real Estate Commission which shall provide that, after a date certain, the apartment owners shall thereafter be obligated to pay their respective share of the common expenses via maintenance fees to the Association. Accordingly, apartment owners shall not be obligated to pay their respective share of the common expenses until that time. From and after such date, apartment owners will be obligated to pay their respective share of the common expenses via maintenance fees paid to the Association.

NOTE: With respect to expenses to operate the Clubhouse and to provide Clubhouse Services, all of which are separate and apart from the common expenses of the Project, Developer will pay for any shortfall in such expenses (after deducting Clubhouse Fees received from apartment owners) until sales of 75% of the apartments in the Project have closed. After such time, the existing apartment owners will be obligated to pay for any shortfall in the expenses to operate the Clubhouse and to provide Clubhouse Services.

C. **Utility Charges for Apartments:**

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

None  Electricity (\_\_\_\_ Common Elements only  Common Elements & Apartments)  
 Gas ( Common Elements only \_\_\_\_\_ Common Elements & Apartments)  
 Water  Sewer  Television Cable (basic package)  
 Other refuse collection; pest control; window cleaning

\*Some of the charges for these utilities will be covered by and included in the Clubhouse Fees to be paid by all apartment owners.

## 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 H contains a summary of the pertinent provisions of the sales contract.

[ X ] Escrow Agreement dated February 13, 2003

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

[ X ] Other Proposed Declaration of Merger of Condominium Phases; Conditional Use Permit; Exhibit "L" is an Apartment Selection Form; Notice of Chronological Reservation System and Receipt of Owner-Occupant Form

### B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
  - B) *Declaration of Condominium Property Regime*, as amended.
  - C) Bylaws of the Association of Apartment Owners, as amended.
  - D) House Rules, if any.
  - E) Condominium Map, as amended.
  - F) Escrow Agreement.
  - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
  - H) Other: Declaration of Merger of Condominium Phases; Conditional Use Permit; Declaration of Restrictive Covenants

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 Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P.O. Box 541, Honolulu, Hawaii 96809, at a nominal cost.

This Public Report is a part of Registration No. 5504 filed with the Real Estate Commission on January 10, 2003.

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**C. Additional Information Not Covered Above\***

**1. Age-Restricted Condominium Project.**

(a) As set forth in Section H of the Declaration, the Project is an age-restricted condominium project and is intended to be consistent with the Fair Housing Act and the exemption therefrom provided by 42 U.S.C. § 3607(b)(2)(C) regarding discrimination based on familiar status. Each occupied apartment shall at all times have as a "Permanent Occupant" therein at least one person who is 55 years of age or older (the "Qualifying Occupant"); provided, in the event of the death of a person who was the sole Qualifying Occupant of an apartment, the spouse of such Qualifying Occupant may continue to occupy the apartment as long as the provisions of the Fair Housing Act and the regulations adopted thereunder are not violated by such occupancy. "Spouse" shall mean the person who is married to the Qualifying Occupant, pursuant to a marriage recognized under the laws of the State of Hawaii.

(b) No Apartment shall be occupied by any person under the age of 18. An apartment shall be deemed to be "occupied" by any person who stays overnight in the Apartment for more than twenty-one days in any sixty-day period or for more than thirty days in any twelve-month period.

(c) "Caregivers" (as defined in the Declaration) shall be permitted to occupy an apartment during any period when the Caregiver is actually providing, for actual compensation, live-in, long-term or hospice health care to a Qualifying Occupant or to a Qualified Permanent Resident.

(d) The occupancy restrictions are not intended to restrict the ownership of or transfer of title to any apartment. However, no owner of an apartment may occupy the apartment unless the requirements of Section H of the Declaration are met and no apartment owner shall permit occupancy of the apartment in violation of said Section H. Apartment owners shall be responsible for including the statement that the apartments within the Project are intended for the housing of persons 55 years of age or older in conspicuous type in any deed, lease or other occupancy agreement or contract of sale relating to such owner's apartment. Apartment owners shall also be responsible for clearly disclosing such intent to any prospective grantee, tenant, purchaser or other potential occupant of the apartment. Violation of the occupancy requirements may result in removal of the violating occupants.

(e) Section H of the Declaration also sets forth certain obligations that apartment owners must meet if there is any change in the occupancy of their apartment, including, without limitation, notifying the Board of the change and providing the Board the names and ages of all current occupants. Failure to meet such notice requirements may result in monetary fines against the owner and the apartment. The Association of Apartment Owners shall have the power and authority to enforce Section H of the Declaration in any legal manner available, as the Board deems appropriate.

(f) Prospective apartment purchasers are advised to read Section H of the Declaration for more detailed information relating to the Project's occupancy restrictions.

**2. Clubhouse and Clubhouse Services.**

(a) Portions of the Project's common elements shall be comprised of the "Clubhouse", as shown on the Condominium Map. The Clubhouse, which shall include, among other things, a sundry store, a multi-purpose room, a reading/card/computer area, a medical office, exam and "rehab" rooms, a massage room, a nail/spa area, a dining room, a bar, and a theater, is generally located on the first floor, the mezzanine level, the fifth floor and the roof of the building. The Clubhouse will be used for the provision of "Clubhouse Services" to occupants of the apartments (excluding Caregivers). Generally, the Clubhouse Services shall include the following:

- (i) Dining-room served meal service in the restaurant, up to a certain number of meals per week.
- (ii) Use of various recreational and social facilities in the building.
- (iii) Basic housekeeping on a periodic basis.
- (iv) Maintenance services for minor repairs on a periodic basis.
- (v) Services of a social and recreational director on an availability basis.
- (vi) Scheduled transportation to various locations within the city, subject to limitations of distance, days and times.
- (vii) 24-hour staffing, emergency pendants and an emergency telephone call system, monitored by the concierge/reception desk.
- (viii) A centralized fire alarm system, monitored 24-hours per day by an outside fire protection company.

Specific Clubhouse Services shall be more particularly set forth and described in the Project Rules.

(b) Costs, expenses and fees to operate the Clubhouse and provide Clubhouse Services shall be paid by apartment owners via payment of mandatory "Clubhouse Fees", which are in addition to the regular monthly common expenses. Exhibit "G" provides an

initial estimate of the monthly Clubhouse Fees that will be assessed against each apartment. An "Additional Occupant Fee" shall be charged for each additional Qualified Permanent Resident in an apartment.

(c) In addition to basic Clubhouse Fees assessed, for any "Extra Clubhouse Services" provided at the request of apartment owners or occupants (excluding Caregivers), apartment owners must pay "Extra Clubhouse Fees". Extra Clubhouse Services include, but are not limited to, additional meals or room service, additional housekeeping or maintenance services provided, special transportation services provided, or Clubhouse Services utilized by guests of an Owner or Occupant (excluding Caregivers).

(d) Caregivers shall not, and are not entitled to, use any Clubhouse Services or any Extra Clubhouse Services.

(e) The operation, maintenance and management of the Clubhouse shall be conducted on behalf of the Association by a "Clubhouse Operator". The Association and Fountains Retirement Communities of Hawaii, Inc., which is the initial Clubhouse Operator, will enter into a "Management Agreement for Clubhouse and Clubhouse Services" (the "Clubhouse Management Agreement") for the operation and management of the Clubhouse for the provision of Clubhouse Services to occupants of the apartments (excluding Caregivers). The Clubhouse Management Agreement will provide generally for the Clubhouse Operator to operate, maintain and manage the Clubhouse on behalf of the Association and to provide, on behalf of the Association, Clubhouse Services to the occupants of apartments (excluding Caregivers) in exchange for a fee. Each apartment owner (and all others with an interest in an apartment) shall consent to and accept the terms and provisions of the Clubhouse Management Agreement. If the Clubhouse Management Agreement is terminated, then, unless and until a new management agreement is entered into between the Association and a new Clubhouse Operator, the Apartment Owners will be unable to receive those Clubhouse Services provided in the Clubhouse.

### 3. Life Estates and Remaindermen.

(a) The Developer shall have the right, but shall be under no obligation, to sell "Life Estates" in apartments. Purchasers of Life Estates shall have an interest in an apartment that is limited to the life of such individual and upon whose death the fee simple interest in the apartment reverts to Developer (or to such other holder of the "Remainderman" interest) as the Remainderman. A Life Estate in an apartment can only be created by a conveyance of such from Developer to the individual holding the Life Estate. Developer shall have the right to assign to another person or entity (including the Clubhouse Operator) the right to create Life Estates with respect to particular apartments conveyed by Developer to such other person or entity. Developer, in its sole discretion, shall determine whether or not to create a Life Estate in an apartment and Developer shall not be obligated to create any Life Estates with respect to any apartment.

(b) The word "Remainderman" means Developer (and such other person or entity to whom Developer has assigned the right to create a Life Estate and be a Remainderman) as the holder of the remainder interest or reversionary interest with respect to apartments in which a Life Estate has been conveyed to owners. It shall also mean Developer's (and such other person's or entity's) successors and assigns receiving such remainder interest or reversionary interest after the creation thereof.

### 4. Group Living Facilities.

(a) The Project has been developed as a "group living facility" under the applicable laws of the City and County of Honolulu. Subject to compliance with any applicable restrictive covenants and/or laws, the Developer may expand, add to and/or supplement the existing group living facility (whether in the form of an "Assisted Living Facility", a "Skilled Nursing Facility" and/or some other form) via a development in the vicinity of the Project.

(b) An "Assisted Living Facility" is an assisted living facility which, if permitted under applicable restrictive covenants and laws, may be located in the vicinity of the Project and which may be operated and managed by or on behalf of the Developer. The Assisted Living Facility, if any, is not, at least initially, part of the Project. In the event the Assisted Living Facility is developed and operated as a condominium property regime, the Developer shall, if permitted under applicable restrictive covenants and laws, have the right, but not the obligation, to merge any and all apartments within the Assisted Living Facility with the Project, pursuant to the Declaration of Merger. If the apartments within the Assisted Living Facility are not merged with the Project and whether or not the Assisted Living Facility is operated as a condominium property regime, portions of the common elements of the Project (specifically the kitchen) may, if permitted under applicable restrictive covenants and laws, be used by or on behalf of residents of the Assisted Living Facility for a fee, pursuant to an agreement negotiated in good faith by and with the Board, on behalf of the Association.

(c) A "Skilled Nursing Facility" is a skilled nursing facility which, if permitted under applicable restrictive covenants and laws, may be located in the vicinity of the Project and which may be operated and managed by or on behalf of the Developer. The Skilled Nursing Facility, if any, is not, at least initially, part of the Project. In the event the Skilled Nursing Facility is developed and operated as a condominium property regime, the Developer shall, if permitted under applicable restrictive covenants and laws, have the right, but not the obligation, to merge any and all apartments within the Skilled Nursing Facility with the Project, pursuant to the Declaration of Merger.

If the apartments within the Skilled Nursing Facility are not merged with the Project and whether or not the Skilled Nursing Facility is operated as a condominium property regime, portions of the common elements of the Project (specifically the kitchen) may, if permitted under applicable restrictive covenants and laws, be used by or on behalf of residents of the Skilled Nursing Facility for a fee, pursuant to an agreement negotiated in good faith by and with the Board, on behalf of the Association.

5. Conditional Use Permit/Declaration of Restrictive Covenants. The Developers obtained Conditional Use Permit Major, No. 2002/CUP-46 (the "CUP") from the Department of Planning and Permitting (the "DPP") of the City and County of Honolulu to operate the Project as a group living facility for the elderly. The CUP contains various obligations and restrictions relating to use of the Project, which must be met and adhered to by the Association and the apartment owners, as well as the Developer. One of the requirements of the CUP was the recording of the Declaration of Restrictive Covenants, dated February 3, 2003, recorded as Document No. 2889558 (the "Restrictive Covenants") on the title to the land underlying the Project, thereby subjecting the Project to the terms and conditions of the Restrictive Covenants. The Restrictive Covenants contain the following restrictive covenants:

(a) The use of the building of the Project shall be restricted to a "group living facility", as defined in Chapter 21 of the Revised Ordinances of Honolulu. If the building shall cease to be used as a group living facility, all "accessory uses" (as defined in the Restrictive Covenants) shall be terminated and any structural improvements supporting such uses shall be removed.

(b) Use of all accessory facilities will be restricted to residents of the group living facility and their guests.

(c) The accessory facilities shall not be made available to the general public. Accessory facilities will utilize a common exterior entrance and/or exit, except as otherwise required by applicable code.

(d) The accessory facilities will not be advertised separately from the group living facility to the general public in any media; provided, however, that the accessory facilities may be referenced and included in advertisements that relate to the group living facility.

(e) Signs, store fronts, and window displays for the accessory facilities shall be prohibited.

(f) The Declaration of Restrictive Covenants shall run with the Property and shall bind, inure to the benefit of, and constitute notice to apartment owners and their successors, assignees, mortgagees, lienors and any other person claiming an interest in the apartment.

(g) The Declaration of Restrictive Covenants shall not be amended, released, waived, terminated, extinguished or canceled without the express written approval of the DPP.

(h) The City and County of Honolulu shall have the right to enforce the Declaration of Restrictive Covenants and the conditions contained therein by appropriate action at law or suit in equity against apartment owners and any person claiming any interest in the apartment.

The CUP also provides that quiet hours shall be implemented for the Project from 9:00 p.m. to 9:00 a.m., daily, and that activities and/or uses that may generate noise impacts to residents of surrounding dwellings (e.g., amplified music and/or sound systems, use of outdoor areas, organized social functions, loading and unloading, and deliveries) shall not be permitted during these quiet hours. The CUP also provides that all exterior lighting shall be shielded and directed away from any abutting lots and rights-of-way.

6. Development of Adjacent Properties. The Developer has a fee simple or leasehold interest in most of the other properties on the block on which the Project is located. Although such other properties, which are adjacent to or in the vicinity of the Project, may initially be grassed or otherwise landscaped, the Developer does intend (although is not obligated) to develop most, if not all, of those other properties, to construct additional residential and/or commercial structures thereon and to market and sell such properties. As such, by buying an apartment in the Project, buyers acknowledge and accept that the properties adjacent to or in the vicinity of the Project are likely to be developed differently from what may exist when they first occupy their apartments and that noise, dust, vibration and other nuisances or annoyances may be created by and result from any work connected with or incidental to the development, construction, marketing and sale of such other properties.

7. Increased Use of Recreational Facilities in the Event of a Merger. As discussed in Exhibit "J" of this public report, the Developer has reserved the right to effect the merger of additional condominium project(s), which may be developed by the Developer on land adjacent to or in the vicinity of this Project, with this Project. It is possible that the other projects merged with/added to this Project will not have any (or will have substantially fewer) recreational facilities or amenities. As such, in the event of such merger(s), it is possible that there will be an increase in use of the recreational facilities (including the Clubhouse) of this Project, but with no compensating addition of recreational facilities from the other projects that are merged with/added to this Project.

8. Amendments to Declaration and Bylaws in the Event of a Merger. The Declaration of Merger currently provides that, in the event of a merger of this Project with other condominium projects that have declarations and bylaws with conflicting or different provisions than the Declaration and Bylaws for this Project, the Developer can amend and replace the conflicting or different provisions in the Declaration and Bylaws for this Project with the provisions from those documents from the other projects. The Declaration of Merger further provides that the Developer shall have a power of attorney from the apartment owners of the Project to effect such amendments to the Declaration and Bylaws, notwithstanding the provisions in the condominium statute and the Declaration and Bylaws relating to requirements for amendments to those documents.


\*If not defined in this Section V.C., the words and terms that are capitalized and/or set forth in quotation marks shall have the meanings given to them in the Declaration.



D. The developer hereby certifi all the information contained in this Report he 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.

Hobron Hotel, L.L.C.  
Printed Name of Developer

By: Hobron Hotel, L.L.C.  
By: Oaktree Capital Management, LLC  
Its: Manager

By:   
Duly Authorized Signatory\*

1-9-03  
Date

Sean Armstrong, Managing Director of Oaktree Capital Management, LLC  
Print Name and Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu  
Planning Department, City and County of Honolulu

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

## EXHIBIT A

### DESCRIPTION OF BUILDING

The Project shall contain one 44-story apartment building (without basements) containing a total of 163 Apartments, constructed principally of reinforced concrete with post-tensioned slabs, steel, glass and related building materials, as shown on the Condominium Map.

The Project shall contain 163 Residential Apartments. The Residential Apartments are constructed according to 21 different basic floor plans, eighteen of which are Plan 1A apartments, one of which is a Plan 1B-2S apartment, fifteen of which are Plan 1C apartments, one of which is a Plan 1D apartment, nineteen of which are Plan 2A apartments, one of which is a Plan 2B-2S apartment, nine of which are Plan 2C apartments, five of which are Plan 2D apartments, one of which is a Plan 2E apartment, two of which are Plan 2PH apartments, nineteen of which are Plan 3A apartments, one of which is a Plan 3B-2S apartment, fourteen of which are Plan 3C apartments, one of which is a Plan 3D apartment, two of which are Plan 3PH apartments, eighteen of which are Plan 4A apartments, one of which is a Plan 4B-2S apartment, fifteen of which are Plan 4C apartments, one of which is a Plan 4D apartment, eighteen of which are Plan 5A apartments, and one of which is a Plan 5B apartment.

**EXHIBIT B**  
**PARKING STALLS**

APT. NUMBER	STALL # 1	STALL #2	APT. NUMBER	STALL # 1	STALL #2
601	191C		1201	117	
602	142		1202	153	
603	143		1203	154	
604	63C		1204	118	
605	214C		1205	58	
701	185C		1401	115	
702	140		1402	101	
703	141		1403	102	
704	187C		1404	116	
705	215		1405	57	
801	176C		1501	138	
802	166		1502	98	
803	139		1503	100	
804	181C		1504	114	
805	109		1505	9	
901	123		1601	136	
902	161		1602	96	
903	165		1603	97	
904	124C		1604	137	
905	108		1605	8	
1001	121		1701	134	
1002	159		1702	94	
1003	160		1703	95	
1004	122		1704	135	
1005	107		1705	7	
1101	119		1801	130	
1102	155		1802	92	
1103	156		1803	93	
1104	120		1804	133	
1105	59		1805	149C	

APT. NUMBER	STALL # 1	STALL #2	APT. NUMBER	STALL # 1	STALL #2
1901	128		2604	48	49C
1902	90		2701	73	
1903	91		2702	75	
1904	129		2703	76	
1905	113C		2704	77	
2001	126		2801	69	
2002	88		2802	70	
2003	89		2803	71	
2004	127		2804	72	
2005	168C		2901	65	
2101	112		2902	66	
2102	86		2903	67	
2103	87		2904	68	
2104	125		3001	60	
2105	164C		3002	61	
2201	110		3003	62	
2202	84		3004	64	
2203	85		3101	184	
2204	111		3102	188	
2205	162C		3103	189	
2301	151		3104	190	
2302	80		3201	178	
2303	83		3202	179	
2304	152		3203	182	
2305	158C		3204	183	
2401	148		3301	50	
2402	78		3302	51	
2403	79		3303	52	
2404	150		3304	177	
2405	74C		3401	44	
2601	23	24C	3402	45	
2602	12	13C	3403	46	
2603	211	212C	3404	47	

EXHIBIT B  
(Page 2 of 3)

APT. NUMBER	STALL # 1	STALL #2	APT. NUMBER	STALL # 1	STALL #2
3501	40		3903	26	
3502	41		3904	27	
3503	42		4001	18	
3504	43		4002	19	
3601	36		4003	20	
3602	37		4004	21	
3603	38		4101	14	
3604	39		4102	15	
3701	30		4103	16	
3702	33		4104	17	
3703	34		4201	199	
3704	35		4202	200	
3801	144		4203	10	
3802	28		4204	11	
3803	29		4302	209	210
3804	145		4303	206	207
3805	99C		4402	201	202
3901	22		4403	204	205
3902	25				

Note: A parking stall marked with a "C", as shown on the list above and on the Condominium Map, indicates a parking stall that is "compact" in size. A parking stall marked with an "F", as shown on the Condominium Map, indicates a parking stall that is "full" or "standard" in size. A parking stall marked with an "HC" indicates a parking stall that is oversized for the handicapped. The additional "C", "F" and "HC" markings appearing on the list above and/or the Condominium Map are for informational purposes only and do not constitute part of the legal identification of a parking stall, the sole means of legal identification being the numerical designation of the parking stall.

Note: According to the Conditional Use Permit, the compact parking stalls are considered non-conforming, because they are not standard (regular) size (18 feet x 8.25 feet). However, the City granted a modification to the Developer to allow the use of compact parking stalls.

Parking within the parking structure is limited to vehicles not exceeding 6 feet 2 inches in height.

**Pursuant to Section W.3 of the Declaration, Developer has reserved the right: (i) by amendment to the Declaration executed only by Developer, to sell and convey or otherwise designate any parking stall not designated in the Declaration as a limited common element to be appurtenant to and/or for the exclusive use of any apartment in the Project or any apartment in any phase merged or to be merged with the Project; (ii) to designate any parking stall not designated in the Declaration as a limited common element for use as a guest parking stall for the Project or any phase merged or to be merged with the Project; (iii) to use, or allow others to use, any parking stall not designated in the Declaration as a limited common element as Developer shall deem appropriate; and (iv) to assign or change, from time to time, the assignments of individual parking stalls to individual apartments that have not been conveyed by Developer.**

## EXHIBIT C

### COMMON ELEMENTS

The common elements of the Project shall specifically include, but are not limited to, the following:

1. The land described in Exhibit "A" to the condominium declaration, in fee simple, and any and all easements and appurtenances thereto.
2. All undecorated or unfinished portions of all perimeter party or non-party walls and interior load-bearing walls, the undecorated or unfinished portions of floors and ceilings, all structural components, foundations, floor slabs, columns, girders, beams, supports, shafts, ceilings and spaces between the ceiling and the floor slab or roof above, roofs, rooftop equipment screen, mechanical and electrical rooms located on the ground level, elevator machine room located on the 27<sup>th</sup> floor and the roof deck, exterior surfaces of the building, including any paint or coating thereon, all exterior windows and all exterior stairs and stairways.
3. All yards, grounds, gardens, planters, plants, landscaping, garbage chutes and other refuse facilities, if any, whether within or appurtenant to the Project, which are not defined as part of an Apartment.
4. All sidewalks, pathways, walkways, retaining walls, porte cocheres, ramps, loading areas or zones, car wash areas, driveways, roads, parking areas and parking stalls that are rationally of common use by Owners of more than one Apartment, provided that the Developer shall own and control those parking stalls that are not designated herein as Limited Common Elements appurtenant to any particular Apartment, and shall have the right to sell and convey them as provided in Section W.3 of the Declaration.
5. All ducts, pumps, valves, sewer lines, electrical equipment, cables, chutes, transformers, wiring, pipes, shafts, wires, conduits or other utility or service lines and facilities which are utilized for or serve more than one Apartment and other central and appurtenant transmission facilities and installations over, under and across the Project which are utilized by or serve more than one Apartment for services such as power, light, water, gas, sewer, refuse, telephone and radio and television signal distribution.
6. All areas, rooms, spaces, structures, housings or facilities of the Project within or outside of the building, which are for common use or which serve more than one Apartment, such as electrical, maintenance, service, security, machine, mechanical and equipment rooms and the equipment, machinery and facilities therein.
7. The entirety of the fire sprinkler system including portions thereof installed within the various Apartments.
8. The lobby, lounge, elevator lobby, janitor closet, mail room, security/manager's office, bathroom, fire control room, trash room, electrical distribution room, emergency generator room, transformers, electrical switch gear, pump room, attic and cooling tower located on the ground floor of the Project.
9. All storage areas, hallways, corridors, stairs, stairways, elevators, elevator lobbies, mechanical rooms, electrical rooms, communications rooms, and other similar areas which are not part of an Apartment, provided that Declarant shall own and control those storage spaces located on Floors 7, 11, 12, 14, 15, 17, 18, 20 and 21 that are not located within an Apartment, and shall have the right to sell and convey them as provided in Section W.4 of the Declaration.
10. Mailboxes located on the ground floor in the mailroom; one for each Apartment and others for the administrative offices and service providers.
11. Any air conditioning equipment or apparatus, including cooling towers, condenser water pumps, condenser water risers, condensate drains, and condensate drain risers, not located within an Apartment, provided that the two window air conditioner units for each Apartment are part of the respective Apartments, even though they are partially located outside the perimeter of the Apartment.
12. The column located in certain of the Apartments, as shown on the floor plan for the Apartment's apartment type that is part of the Condominium Map.
13. Any and all apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.
14. Those portions of the Common Elements that comprise the Clubhouse, as shown on the Condominium Map.
15. All other parts of the Project which are not included in the definition of an Apartment.

**EXHIBIT D**

**LIMITED COMMON ELEMENTS**

Certain apartments shall have appurtenant thereto easements for the exclusive use of certain limited common elements as follows:

1. **Parking Stalls:**

Each apartment shall have appurtenant to it, as a Limited Common Element, the exclusive right to use such parking stall(s) as designated on Exhibit "B" to this Public Report.

2. **Mailboxes:**

Each mailbox bearing the same identification as an Apartment is a Limited Common Element appurtenant to that Apartment.

3. **Storage Spaces:**

In the event the Developer includes an Extra Storage Space with the conveyance of an Apartment or otherwise conveys an Extra Storage Space to an Apartment Owner, such Extra Storage Space shall be a Limited Common Element appurtenant to and for the exclusive use of the respective Apartment.

**EXHIBIT E**  
**COMMON INTERESTS\***

Type and Number of Apartments	Apartment Number	Undivided Common Interest of Each Apartment
Plan 1A (18)	601, 701, 801, 901, 1001, 1101, 1201, 1401, 1501, 1601, 1701, 1801, 1901, 2001, 2101, 2201, 2301, 2401	0.004243 (0.4243%)
Plan 1B-2S (1)	2601	0.013273 (1.3273%)
Plan 1C (15)	2701, 2801, 2901, 3001, 3101, 3201, 3301, 3401, 3501, 3601, 3701, 3901, 4001, 4101, 4201	0.006223 (0.6223%)
Plan 1D (1)	3801	0.004297 (0.4297%)
Plan 2A (19)	602, 702, 802, 902, 1002, 1102, 1202, 1402, 1502, 1602, 1702, 1802, 1902, 2002, 2102, 2202, 2302, 2402, 2702	0.006478 (0.6478%)
Plan 2B-2S (1)	2602	0.013618 (1.3618%)
Plan 2C (9)	2802, 2902, 3102, 3202, 3402, 3502, 3702, 4002, 4102	0.007513 (0.7513%)
Plan 2D (5)	3002, 3302, 3602, 3902, 4202	0.006981 (0.6981%)
Plan 2E (1)	3802	0.007444 (0.7444%)
Plan 2PH (2)	4302, 4402	0.014480 (1.4480%)
Plan 3A (19)	603, 703, 803, 903, 1003, 1103, 1203, 1403, 1503, 1603, 1703, 1803, 1903, 2003, 2103, 2203, 2303, 2403, 2703	0.006478 (0.6478%)
Plan 3B-2S (1)	2603	0.013011 (1.3011%)
Plan 3C (14)	2803, 2903, 3003, 3103, 3203, 3303, 3403, 3503, 3603, 3703, 3903, 4003, 4103, 4203	0.006988 (0.6988%)
Plan 3D (1)	3803	0.006926 (0.6926%)
Plan 3PH (2)	4303, 4403	0.014094 (1.4094%)
Plan 4A (18)	604, 704, 804, 904, 1004, 1104, 1204, 1404, 1504, 1604, 1704, 1804, 1904, 2004, 2104, 2204, 2304, 2404	0.004532 (0.4532%)
Plan 4B-2S (1)	2604	0.013259 (1.3259%)
Plan 4C (15)	2704, 2804, 2904, 3004, 3104, 3204, 3304, 3404, 3504, 3604, 3704, 3904, 4004, 4104, 4204	0.006478 (0.6478%)
Plan 4D (1)	3804	0.004567 (0.4567%)
Plan 5A (18)	605, 705, 805, 905, 1005, 1105, 1205, 1405, 1505, 1605, 1705, 1805, 1905, 2005, 2105, 2205, 2305, 2405	0.003760 (0.3760%)
Plan 5B (1)	3805	0.003794 (0.3794%)

\* The common interests for the apartments may change in connection with a change by the Developer in the apartment floor plan(s) for any or all of the apartments in an increment to the Project, and may also change in the event of an ownership merger of this Project with one or more other condominium projects, and may also change upon the addition of additional apartments to the Project. See Exhibit J to this Public Report for further information concerning incremental development, merger and the addition of additional apartments.



**EXHIBIT F**

**ENCUMBRANCES AGAINST TITLE**

1. Real Property Taxes, Second Installment, Fiscal Year July 1, 2002 - June 30, 2003.  
Tax Key: (1) 2-6-012-047      Area Assessed: 44,276 sq. ft.
2. Any and all assessments that may be due and owing under Waikiki Business Improvement District, District No. 1.
3. Grant to GASCO, INC., a Hawaii corporation, now known as CITIZENS COMMUNICATIONS COMPANY, a Delaware corporation, dated March 19, 1984, filed in the Land Court as Document No. 1229024, granting the right and an easement to construct, install, operate, maintain, repair, replace and remove gas facilities, etc.
4. Building face in vicinity of Lot 95 may be in violation of zoning ordinance setback requirements as shown on survey map prepared by Patrick M. Cummins, Registered Professional Land Surveyor with AUSTIN, TSUTUMI & ASSOCIATES, INC., dated October 16, 1986.
5. Guy wire encroachment as shown on survey map prepared by KAZUTAKA SAIKI, Licensed Professional Land Surveyor with Sam O. Hirota, Inc., dated December 7, 2001, revised December 17, 2001.
6. Any unrecorded leases and matters arising from or affecting the same.
7. Covenants, conditions, restrictions and other provisions contained in the Declaration of Restrictive Covenants dated February 3, 2003, made by Hobron Hotel, L.L.C., recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii in Document No. 2889558.
8. Covenants, conditions, restrictions, reservations, agreements, easements, obligations and other provisions contained in the Declaration of Merger of Condominium Phases dated \_\_\_\_\_, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. \_\_\_\_\_.
9. Covenants, conditions, restrictions, reservations, agreements, easements, obligations and other provisions contained in the Declaration of Condominium Property Regime of HaleNohona dated \_\_\_\_\_, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. \_\_\_\_\_, as may be amended from time to time.
10. Condominium Map No. \_\_\_\_\_, and any amendments thereto.
11. Covenants, conditions, restrictions, reservations, agreements, easements, obligations and other provisions contained in the Bylaws of the Association of Apartment Owners of HaleNohona dated \_\_\_\_\_, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. \_\_\_\_\_, as may be amended from time to time.

**EXHIBIT G**

**ESTIMATES OF ASSOCIATION MAINTENANCE FEES AND CLUBHOUSE FEES AND  
ESTIMATES OF ASSOCIATION MAINTENANCE FEE DISBURSEMENTS AND CLUBHOUSE FEE DISBURSEMENTS**

ESTIMATE OF INITIAL MONTHLY ASSOCIATION MAINTENANCE FEES AND MONTHLY CLUBHOUSE FEES

<b>Apartment Type*</b>	<b>Monthly AOA Fee** (per apt.)</b>	<b>Monthly Clubhouse Fee*** (per apt.)</b>	<b>Monthly Total (per apt.)</b>
Plan 1A	\$611.35	\$896.46	\$1,507.81
Plan 1B-2S	\$1,912.44	\$896.46	\$2,808.90
Plan 1C	\$896.64	\$896.46	\$1,793.10
Plan 1D	\$619.13	\$896.46	\$1,515.59
Plan 2A	\$933.38	\$896.46	\$1,829.84
Plan 2B-2S	\$1,962.15	\$896.46	\$2,858.61
Plan 2C	\$1,082.51	\$896.46	\$1,978.97
Plan 2D	\$1,005.86	\$896.46	\$1,902.32
Plan 2E	\$1,072.57	\$896.46	\$1,969.03
Plan 2PH	\$2,086.35	\$896.46	\$2,982.81
Plan 3A	\$933.38	\$896.46	\$1,829.84
Plan 3B-2S	\$1,874.69	\$896.46	\$2,771.15
Plan 3C	\$1,006.87	\$896.46	\$1,903.33
Plan 3D	\$997.93	\$896.46	\$1,894.39
Plan 3PH	\$2,030.73	\$896.46	\$2,927.19
Plan 4A	\$652.99	\$896.46	\$1,549.45
Plan 4B-2S	\$1,910.42	\$896.46	\$2,806.88
Plan 4C	\$933.38	\$896.46	\$1,829.84
Plan 4D	\$658.04	\$896.46	\$1,554.50
Plan 5A	\$541.76	\$896.46	\$1,438.22
Plan 5B	\$546.66	\$896.46	\$1,443.12

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Clubhouse Fees shown above are based on single occupancy. Each additional Qualified Permanent Resident will be charged approximately \$600.00 per month for Clubhouse Fees, although this figure is likely to change and may be higher.

\*See Exhibit E for a list of apartments by apartment type

\*\*Assessed based on the apartment's common interest

\*\*\*Assessed on a per person basis.

YEARLY TOTAL OF INITIAL ASSOCIATION MAINTENANCE FEES AND CLUBHOUSE FEES

Based on Multiplying Monthly Fees (from previous page) by 12			
Apartment Type*	Yearly Total AOA Fee** (per apt.)	Yearly Total Clubhouse Fee*** (per apt.)	Yearly Total (per apt.)
Plan 1A	\$7,336.20	\$10,757.52	\$18,093.72
Plan 1B-2S	\$22,949.28	\$10,757.52	\$33,706.80
Plan 1C	\$10,759.68	\$10,757.52	\$21,517.20
Plan 1D	\$7,429.56	\$10,757.52	\$18,187.08
Plan 2A	\$11,200.56	\$10,757.52	\$21,958.08
Plan 2B-2S	\$23,545.80	\$10,757.52	\$34,303.32
Plan 2C	\$12,990.12	\$10,757.52	\$23,747.64
Plan 2D	\$12,070.32	\$10,757.52	\$22,827.84
Plan 2E	\$12,870.84	\$10,757.52	\$23,628.36
Plan 2PH	\$25,036.20	\$10,757.52	\$35,793.72
Plan 3A	\$11,200.56	\$10,757.52	\$21,958.08
Plan 3B-2S	\$22,496.28	\$10,757.52	\$33,253.80
Plan 3C	\$12,082.44	\$10,757.52	\$22,839.96
Plan 3D	\$11,975.16	\$10,757.52	\$22,732.68
Plan 3PH	\$24,368.76	\$10,757.52	\$35,126.28
Plan 4A	\$7,835.88	\$10,757.52	\$18,593.40
Plan 4B-2S	\$22,925.04	\$10,757.52	\$33,682.56
Plan 4C	\$11,200.56	\$10,757.52	\$21,958.08
Plan 4D	\$7,896.48	\$10,757.52	\$18,654.00
Plan 5A	\$6,501.12	\$10,757.52	\$17,258.64
Plan 5B	\$6,559.92	\$10,757.52	\$17,317.44

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Clubhouse Fees shown above are based on single occupancy. Each additional Qualified Permanent Resident will be charged approximately \$600.00 per month for Clubhouse Fees, although this figure is likely to change and may be higher.

\*See Exhibit E for a list of apartments by apartment type

\*\*Assessed based on the apartment's common interest

\*\*\*Assessed on a per person basis.

**Estimate of Association Maintenance Fee Disbursements:**

Monthly Fee x 12 months = Yearly Total

Utilities and Services

Air conditioning	\$ 0.00	\$ 0.00
Electricity		
<input type="checkbox"/> common elements only		
<input checked="" type="checkbox"/> common elements and apartments	\$ 27,264.00	\$ 327,168.00
Elevator Maintenance	\$ 4,000.00	\$ 48,000.00
Gas		
<input checked="" type="checkbox"/> common elements only	\$ 4,945.00	\$ 59,340.00
<input type="checkbox"/> common elements and apartments		
Refuse Collection	\$ 1,578.00	\$ 18,936.00
Telephone	\$ 0.00	\$ 0.00
Water and Sewer	\$ 5,296.00	\$ 63,552.00
Cable TV	\$ 3,260.00	\$ 39,120.00
Pest Control	\$ 1,000.00	\$ 12,000.00
Window Cleaning	\$ 500.00	\$ 6,000.00

Maintenance, Repairs and Supplies

Building		
Payroll and Payroll taxes	\$ 11,898.00	\$ 142,776.00
Repairs and Supplies	\$ 1,300.00	\$ 15,600.00
Grounds	\$ 1,667.00	\$ 20,004.00

Housekeeping

Payroll and Payroll taxes	\$ 28,276.00	\$ 339,312.00
Repairs and Supplies	\$ 2,260.00	\$ 27,120.00

Management

Management Fee	\$ 7,133.00	\$ 85,596.00
Payroll and Payroll Taxes	\$ 16,098.00	\$ 193,176.00
Office Expenses	\$ 1,113.00	\$ 13,356.00

Insurance \$ 16,667.00 \$ 200,004.00

Replacement Reserves \$ 12,500.00 \$ 150,000.00

Reserve for Uncollectible Accounts \$ 1,569.00 \$ 18,828.00

Taxes and Government Assessments \$ 0.00 \$ 0.00

Audit Fees \$ 858.00 \$ 10,296.00

Outside Services \$ 2,250.00 \$ 27,000.00

Other \$ 803.00 \$ 9,636.00

SUBTOTAL \$152,235.00 \$1,826,820.00

DEDUCT - PROJECTED OTHER SERVICE REVENUES (\$ 8,150.00) (\$ 97,800.00)

TOTAL EST. AOA MAINTENANCE FEE DISBURSEMENTS \$144,085.00 \$1,729,020.00


**Estimate of Clubhouse Fee Disbursements:**

	<u>Monthly Fee x 12 months = Yearly Total</u>	
Utilities and Services		
Electricity - Clubhouse	\$ 6,816.00	\$ 81,792.00
Water and Sewer	\$ 279.00	\$ 3,348.00
Refuse Collection	\$ 1,052.00	\$ 12,624.00
Food Service		
Payroll, Payroll Taxes and Benefits	\$ 61,474.00	\$ 737,688.00
Supplies	\$ 37,755.00	\$ 453,060.00
Other Expenses	\$ 1,400.00	\$ 16,800.00
Resident Services and Care		
Payroll, Payroll Taxes and Benefits	\$ 10,149.00	\$ 121,788.00
Supplies and other expenses	\$ 2,855.00	\$ 34,260.00
Transportation		
Payroll, Payroll Taxes and Benefits	\$ 8,865.00	\$ 106,380.00
Supplies and other expenses	\$ 1,205.00	\$ 14,460.00
Security		
Payroll, Payroll Taxes and Benefits	\$ 8,539.00	\$ 102,468.00
Supplies and other expenses	\$ 525.00	\$ 6,300.00
Management		
Management Fee	\$ 12,398.00	\$ 148,776.00
Payroll and Payroll Taxes	\$ 16,098.00	\$ 193,176.00
Office Expenses	\$ 1,438.00	\$ 17,256.00
Insurance	\$ 0.00	\$ 0.00
Replacement Reserves	\$ 0.00	\$ 0.00
Reserve for Uncollectible Accounts	\$ 0.00	\$ 0.00
Taxes and Government Assessments	\$ 0.00	\$ 0.00
Audit Fees	\$ 1,775.00	\$ 21,300.00
Outside Services	\$ 0.00	\$ 0.00
Other	\$ 0.00	\$ 0.00
	<hr/>	<hr/>
SUBTOTAL	\$172,623.00	\$2,071,476.00
DEDUCT - PROJECTED ADDITIONAL OCCUPANT FEES	(\$ 26,500.00)	(\$ 318,000.00)
TOTAL PROJECTED CLUBHOUSE FEE DISBURSEMENTS	\$146,123.00	\$1,753,476.00

I, LARRY HANSEN, as agent for HOBRON HOTEL, L.L.C., the developer for the HALENOHONA condominium project, hereby certify that the above estimates of initial Association maintenance fee assessments, estimates of initial Clubhouse Fee assessments, estimates of Association maintenance fee disbursements and estimates of Clubhouse Fee disbursements were prepared in accordance with generally accepted accounting principles.

It should be noted, however, that the above estimates are based on, among other things, various assumptions and estimates for the year 2003 for a full year of occupancy of a full community. Such assumptions may change after the date on which the estimates are made due to changes in economic conditions and other factors which cannot be predicted or assumed. Therefore, actual assessments and disbursements may vary from the above estimates and such variations may be material. Nothing contained within the above estimates is or should be relied upon as a promise or representation as to the future.

In arriving at the figure for "Reserves", the Developer conducted a reserve study for the Project in accordance with Section 514A-83.6, Hawaii Revised Statutes, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

  
\_\_\_\_\_  
Signature

1-9-03  
\_\_\_\_\_  
Date

## EXHIBIT H

### SUMMARY OF SALES CONTRACT

The Deposit Receipt, Reservation and Sales Agreement (the "Sales Contract") contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract states:

(a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of an apartment.

(b) That the purchaser acknowledges having received and read a public report (either preliminary, contingent or final) for the Project prior to signing the Sales Contract.

(c) That the Developer makes no representations concerning rental of an apartment, income or profit from an apartment, or any other economic benefit to be derived from the purchase of an apartment.

(d) That the Sales Contract may be subordinate to the lien of a construction lender.

(e) That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.

(f) Requirements relating to the purchaser's financing of the purchase of an apartment.

(g) That the apartment and the Project will be subject to various other legal documents which the purchaser should examine, and that the Developer may change these documents under certain circumstances.

(h) That, except as expressly set forth in a written document from the Developer, the Developer makes no warranties regarding the Apartment, the Project or anything installed or contained in the Apartment or the Project.

(i) That the Project will be subject to ongoing construction and sales activities which may result in certain annoyances to the purchaser.

(j) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

(k) That the Developer has reserved certain rights and powers relating to the Project and the purchaser acknowledges and consents to the exercise of such rights and powers.

(l) That except under certain circumstances, as set forth in the Sales Contract, all interest on deposits toward the purchase price shall be the property of the Developer.

(m) That in the event of a default by the purchaser under the Sales Contract, all sums paid by the purchaser under the Sales Contract shall belong to the Developer as liquidated damages, and the Developer may, in addition to such damages, pursue any other remedy, including specific performance, permitted by law or equity under the Sales Contract.

(n) Purchasers' funds paid to Escrow may be disbursed by Escrow to pay for construction and other costs prior to the recordation of purchasers' apartment deeds.

The Sales Contract contains various other important provisions relating to the purchase of an apartment in the Project. Purchasers and prospective purchasers should carefully read the specimen Sales Contract on file with the Real Estate Commission.

## EXHIBIT I

### SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the deposits a purchaser makes pursuant to a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

- (a) Escrow will let the purchaser know when payments are due.
- (b) Escrow will arrange for the purchaser to sign all necessary documents.
- (c) Except under certain circumstances as set forth in the Sales Contract, all interest on deposits toward the purchase price shall be the property of the Developer.
- (d) The purchaser will be entitled to a refund of his or her funds deposited with Escrow, upon written request by purchaser to Escrow, if the purchaser exercises purchaser's right to cancel or rescind the Sales Contract pursuant to the Hawaii Condominium Act, as set forth in the Sales Contract (less a cancellation fee commensurate with the work done by Escrow prior to such cancellation, up to a maximum of \$250.00).
- (e) No disbursements of funds held in Escrow shall be made to the Developer until certain conditions, as set forth in the Escrow Agreement and in accordance with the Hawaii Condominium Act, have been fulfilled, including delivery of a copy of the Final Public Report to the purchaser and waiver (or deemed waiver) of the purchaser's right to cancel the Sales Contract. Under certain circumstances, in accordance with the Condominium Property Act and as described in the Escrow Agreement, the purchaser's funds may be disbursed to the Developer to pay for construction and other costs of the Project.
- (f) Upon a default by the purchaser under the Sales Contract, and the Developer's termination of the Sales Contract as a result of such default, all funds of the purchaser deposited with Escrow shall be treated as funds of the Developer and not as funds of the purchaser, and shall be disbursed to the Developer upon request by the Developer.

The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. Purchasers and prospective purchasers should carefully read the signed Escrow Agreement on file with the Real Estate Commission.



## EXHIBIT J

### RESERVED RIGHTS

- A. Upon completion of the Project, the Developer may amend the Declaration and the Condominium Map (if necessary) to file an "as built" statement required by Section 514A-12 of the Condominium Property Act.
- B. Until all of the apartments have been sold, the Developer may amend the Declaration, the Bylaws and/or the Condominium Map to make such amendments as may be required by law, by the Real Estate Commission, by the title insurance company, by a mortgage lender, or by any governmental agency (including the VA, HUD, FNMA and/or FHLMC), provided that no such amendments change the common interest appurtenant to an apartment or substantially change the design, location or size of an apartment.
- C. Until all of the apartments have been sold and the "as built" statement is filed, the Developer may amend the Declaration and the Condominium Map to (i) reflect alterations in any apartment which has not been sold; and (ii) reflect minor changes in any apartment or in the common elements which do not affect the physical location, design or size of any apartment (other than minor changes to the size or dimensions of the yard area appurtenant to any apartment) which has been sold.
- D. Developer has reserved the right: (i) by amendment to the Declaration executed only by Developer, to sell and convey or otherwise designate any parking stall not designated in the Declaration as a limited common element to be appurtenant to and/or for the exclusive use of any apartment in the Project or any apartment in any phase merged or to be merged with the Project; (ii) to designate any parking stall not designated in the Declaration as a limited common element for use as a guest parking stall for the Project or any phase merged or to be merged with the Project; (iii) to use, or allow others to use, any parking stall not designated in the Declaration as a limited common element as Developer shall deem appropriate; and (iv) to assign or change, from time to time, the assignments of individual parking stalls to individual apartments that have not been conveyed by Developer.
- E. Developer has reserved the right: (a) by way of an amendment to the Declaration executed only by Developer, to sell and convey or otherwise designate all or any of the storage spaces located on the 7<sup>th</sup>, 11<sup>th</sup>, 12<sup>th</sup>, 13<sup>th</sup>, 14<sup>th</sup>, 15<sup>th</sup>, 17<sup>th</sup>, 18<sup>th</sup>, 20<sup>th</sup> and 21<sup>st</sup> floors that are not located within an apartment (the "Extra Storage Spaces") to be appurtenant to and/or for the exclusive use of any apartment in the Project (even if located on a different floor from the Extra Storage Space); and (b) to use, or allow others to use, all or any of the Extra Storage Spaces as Developer shall deem appropriate.
- F. RESERVATION TO DEVELOP INCREMENTALLY

The Developer has reserved the right, but is not obligated, to construct, sell and convey the apartments in the Project incrementally on an apartment-by-apartment or floor-by-floor basis. Upon the completion of each apartment or floor, the Developer may obtain a certificate of occupancy for the completed apartments and thereupon transfer ownership of the apartments to apartment purchasers. In connection with this incremental development, the Developer has the right to enter upon the Project premises with employees, agents and contractors for all purposes reasonably necessary for or useful to constructing and completing all apartments and all increments of the Project.

The Developer also has the right, at the discretion of the Developer, to change the apartment floor plan, or create one or more new apartment floor plans, for any or all of the apartments in an increment, and in connection therewith to amend the condominium declaration and the condominium map to reflect such changes in apartment floor plan(s) and make appropriate revisions to the common interests appurtenant to any or all apartments in the Project to reflect resulting changes in floor area.

See Section P1 of the Declaration for details regarding the Developer's right to develop the Project in increments.

- G. RESERVATION TO ALTER THE PROJECT

Pursuant to Section M of the Declaration, the Developer has reserved the right to make the following alterations in the Project:

1. Pre-Closing Alterations. To make alterations in the Project (and, if appropriate, to amend the Declaration and the Condominium Map accordingly) which change the floor plan of, change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any apartment and/or the limited common elements appurtenant thereto, which is not sold and the conveyance thereof recorded.
2. Post-Closing Alterations. To make other alterations in the Project (and, if appropriate, to amend the Declaration and the Condominium Map accordingly) which make minor changes in any apartment in the Project or in the common elements which do not affect the physical location, design or size of any apartment which has been sold and the conveyance thereof recorded.

3. Division of Apartments. With respect to any apartment owned by the Developer (including the penthouse apartments on the 43<sup>rd</sup> and 44<sup>th</sup> floors of the building), to divide such apartment to create two or more separate apartments.
4. Consolidation of Apartments. With respect to any two adjacent apartments owned by the Developer, the Developer shall have the right, at any time and from time to time at the Developer's sole cost and expense, to consolidate such apartments into a single apartment, provided that the common interest appurtenant to the newly created apartment shall equal the sum of the common interests of the apartments being consolidated.

H. RESERVATION TO MERGE PHASES

The Developer has reserved the right, but is not obligated, to effect the merger of additional condominium project(s) which may be developed by the Developer on land adjacent to or in the vicinity of the Project land with the Project. In the Developer's discretion, any such merger shall be for administrative purposes only (an "administrative merger") or for both administrative purposes and for purposes of allocating ownership of common elements in the projects to be merged among all of the apartment owners of the merged project. In the event of merger for purposes of allocating ownership interest (an "ownership merger"), each apartment owner's common interest appurtenant to his or her apartment will be recalculated and may be reduced or increased to reflect that proportion which his or her apartment's approximate net floor area bears to the total approximate net floor area of all apartments in the merged project. The Developer has the right to execute and record amendments to the Declaration and other documents to effect such a merger, including but not limited to a consolidation of the land covered by the Project with any other parcel(s) of land in connection with a merger, in accordance with the terms and provisions of the Declaration of Merger of Condominium Phases, a copy of which is on file with the Real Estate Commission.

See Section P of the Declaration for easements reserved to the Developer with respect to the construction, maintenance, operation and sale of the phases. See also page 16 of this public report for further information concerning merger.

I. RESERVATION TO ADD APARTMENTS

The Developer has reserved the right to develop and add to the Project additional buildings containing additional apartments in the vicinity of the Project. The Declaration and the Condominium Map would be amended upon the development of any such additional apartments to reflect the addition of such apartments to the Project. Each time additional apartments are added to the Project, the common interest for each apartment in the Project would be adjusted. The percentage common interest of each apartment in the amended project would be determined by dividing the approximate net floor area of each apartment in the amended project by the aggregate of the approximate net floor areas of all apartments in the amended project. Upon recordation of the amendment(s) to the Declaration, all of the apartments in the Project, including the additional apartments, would have the right to use the common elements of the Project to the same extent and subject to the same limitations as are imposed upon an apartment as though the amended project had been developed initially as one project.

See Section Q of the Declaration for details regarding the Developer's right to construct and add to the Project the additional apartments.

J. RESERVATION TO DEVELOP ADDITIONAL GROUP LIVING FACILITIES

The Project has been developed as a "group living facility" under the applicable laws of the City and County of Honolulu. Subject to compliance with any applicable restrictive covenants and/or laws, the Developer may expand, add to and/or supplement the existing group living facility (whether in the form of an Assisted Living Facility, a Skilled Nursing Facility and/or some other form) via a development in the vicinity of the Project. The City and County of Honolulu may require that any such expansion, addition and/or supplement to the group living facility be included as part of or under the same Conditional Use Permit (or other such permit or requirement) as the Project. Further, the City and County of Honolulu may require, as a condition to development of, or issuance of a permit for, such expansion, addition or supplement to the group living facility, the consent and/or joinder of the Association and/or the apartment owners. The Developer has reserved the right to prepare, execute, file, process and record necessary and appropriate documents and other items to apply for and obtain permission to develop one or more expansions, additions and/or supplements to the group living facility in the vicinity of the Project and to make necessary and appropriate amendments of the Project documents for such purposes. The Developer shall have the right, at its sole discretion and without being required to obtain the consent or joinder of any person or group of persons, including the Association, any apartment owner or any mortgagee, lien holder, Remainderman, apartment purchaser or any other person who may have an interest in the Project or any apartment, at any time and from time to time to execute, acknowledge and deliver any and all instruments, including without limitation all amendments to the Project documents, necessary or appropriate for the purpose of carrying out the provisions and exercising the rights, powers and privileges reserved to the Developer. By acceptance of an apartment deed, lease or other conveyance of an interest in an apartment, each and every apartment owner (as an owner, a member of the Association and, if applicable, an officer of the Board) and other person or entity acquiring such interest, including the holders of mortgage liens on individual apartments, consents to the rights reserved to the Developer in Section V of the Declaration, including, but not limited to, the right to prepare, execute, file, process and record necessary and appropriate documents and other items to apply for and obtain permission to develop one or more

expansions, additions and/or supplements to the group living facility in the vicinity of the Project and to make necessary and appropriate amendments of the Project documents for such purposes. By such acceptance, each and every apartment owner or party acquiring such interest, including Remaindermen and the holders of mortgage liens on individual apartments, agrees to execute all documents and to do all other things as may be necessary or convenient to effect the same; and such acceptance shall be deemed an appointment of the Developer, with full right of substitution, as the attorney-in-fact of such apartment owner or acquiring party to execute such documents and to do such things on such owner's or acquiring party's behalf; and such appointment, being coupled with an interest, shall be irrevocable and shall not be affected by the disability of any such owner or acquiring party.

- K. The Developer has reserved various easements and has various reserved rights relating to easements, as set forth in Section E of the Declaration.

## EXHIBIT K

### PERMITTED ALTERATIONS TO APARTMENTS

Section M of the Declaration provides, in part, as follows:

#### **“M. ALTERATION OF THE PROJECT.**

1. General Provisions. Except as otherwise expressly provided in this Section M to the contrary, repair, alteration, reconstruction, restoration or replacement of the Common Elements (or any portion thereof), but excluding Limited Common Elements, or construction of any additional building or other structure or structural alteration or addition thereto, different in any material respect from the Condominium Map, as it then exists, shall be undertaken by the Association only pursuant to an amendment of this Declaration and the Condominium Map. Any such amendment shall be duly executed by or pursuant to the affirmative vote of seventy-five percent of the Apartment Owners and all Apartment Owners whose Apartments are directly affected, and in accordance with complete plans and specifications therefor first approved in writing by the Board, which approval shall not be unreasonably withheld or delayed. Promptly upon completion of such repair, reconstruction, restoration, replacement, construction, alteration or addition, the Association shall duly Record and file of record such amendment, as and to the extent required by the Act, together with a complete set of floor plans of the Project as so altered, certified as-built by a licensed, registered architect or professional engineer.

#### 2. Alterations by Apartment Owners.

(a) Alterations Permitted. Notwithstanding anything to the contrary contained in this Declaration, including, without limitation, Section M.1, and except as otherwise provided by law, each Apartment Owner shall have the following rights:

(i) Additions or Alterations to an Apartment or Limited Common Element. Each Apartment Owner, with the written consent of Declarant if Declarant owns any Apartment in the Project (which consent may be given or withheld in the sole discretion of Declarant) and with the written consent of the Eligible Holder of a First Mortgage, if any, affecting the Owners Apartment, and with the written consent of the Board of Directors (which consent may be given or withheld in the Board's reasonable discretion), shall have the right, at any time and from time to time, at such Apartment Owner's sole cost and expense, and without the consent of any other Person to make any of the following alterations solely affecting the Apartment or Limited Common Elements over which such Owner has sole control: (A) to install, maintain, remove and rearrange partitions (including walls, floors and ceilings) and other structures from time to time within such Apartment or Limited Common Element; (B) to finish, alter or substitute any plumbing, electrical or other fixtures attached to the ceilings, floors and walls as shall be appropriate for the utilization of such Apartment or Limited Common Element by such Owner or the Occupants thereof; (C) to paint, paper, panel, plaster, tile, finish, recarpet, and do or cause to be done such other work on the interior surfaces of the ceilings, floors and walls of any Apartment or Limited Common Element; (D) to build out and/or redesign the interior of the Apartment; and (E) to make any other improvements, renovations or additions deemed appropriate by such Owner.

(ii) Alterations Between Apartments. An Apartment Owner who owns any two adjacent Apartments which are separated by a Common Element that is a wall, floor or a ceiling, or whose Limited Common Elements are separated from each other or from those Apartments by a Common Element that is a wall, floor, or ceiling, shall have the right, at any time and from time to time at such Owner's sole cost and expense, and with the written consent of Declarant if Declarant owns any Apartment in the Project (which consent may be given or withheld in the sole discretion of Declarant) and with the written consent of the Eligible Holders of First Mortgages, if any, affecting the Owner's Apartments, and with the written consent of the Board of Directors (which consent may be given or withheld in the Board's reasonable discretion), to alter or remove all or portions of the intervening wall, floor, and/or ceiling, if (A) the structural integrity of the building is not thereby adversely affected, and (B) 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, and (C) all construction activity necessary to any such alteration or removal shall be completed within a reasonable period of time after the commencement thereof, subject to extension for delays beyond the control of the Owner or its contractors, in which case any such construction activity shall be completed in such additional time as may be reasonably necessary in the exercise of due diligence. The Owner may install a door or doors to such opening or openings in the intervening Common Element, may seal hallways, and make other reasonable alterations or additions. Before the termination of the common ownership of any such adjacent Apartments, if the intervening wall, floor, or ceiling shall have been altered or removed pursuant to the foregoing provisions and/or any entry to hallways sealed, the Owner of the Apartments shall be obligated to restore such intervening wall, floor, ceiling and or hallway entries to substantially the same condition in which the same existed prior to such alteration or removal.

(b) Limitations on Owner Alterations. The actions described in Section M.2(a) above are collectively referred to in this Section M as “Alterations”.

(i) Nothing contained in Section M.2(a) shall authorize any Alteration which would jeopardize the soundness, safety or structural integrity of the building, reduce the value thereof, unreasonably interfere with or disturb the rights of other Owners, materially increase the rate of fire insurance on the building or the contents of the building, materially affect or impair any easement or rights of any of the other Apartment Owners or materially interfere with or deprive any non-consenting Owner of the use or enjoyment of any part of the Common Elements, subject, however, to the exclusive use of the

Limited Common Elements. Further, nothing in Section M.2 shall prohibit the Board from effecting such changes within an Apartment or Limited Common Element, or to require the same, in order that the building may continue to comply with applicable laws, including any fire code requirements.

(ii) If the Alterations to be made pursuant to Section M.2(a) have an estimated cost of more than \$50,000, the Owner of the Apartment shall obtain a performance and labor and materials payment bond, naming as obligees the Board, the Association and collectively all Apartment Owners and their respective mortgagees, as their interests may appear, for a penal sum of not less than one hundred percent (100%) of the estimated cost of such construction.

(iii) All plans and specifications for any Alterations shall be prepared by a Hawaii licensed architect or professional engineer and conform with all applicable laws and ordinances, and all construction changes, the cost of which is expected to exceed \$50,000, shall be undertaken by a building contractor licensed in the State of Hawaii.

(iv) During the entire course of any physical Alteration, the Owner making such Alteration will cause to be maintained at such Owner's expense builder's all-risk insurance in an amount not less than the estimated cost of construction. The Association and the other Apartment Owner(s) shall be named as additional insureds.

(v) All construction activity relating to any Alterations affecting the exterior of the building or otherwise visible from another Apartment (or appurtenant Limited Common Element) or from any areas open to the public shall be completed within a reasonable period of time after the commencement thereof, subject to extension for delays beyond the control of the Owner or its contractors, in which case any such construction activity shall be completed in such additional time as may be reasonably necessary in the exercise of due diligence.

(vi) Each Owner's plans and specifications for Alterations to the Owner's Apartment must be approved by the Board of Directors and, as long as Declarant owns an Apartment in the Project, Declarant. No Alteration may commence with respect to any Apartment until final approval thereof has been obtained from the Board and, if applicable, Declarant. The Board shall have the right to hire such architects and/or engineers as it deems appropriate in connection with its review of proposed Alterations. The costs and fees incurred by the Board to hire such architects and/or engineers shall be the responsibility of the Apartment Owner and shall be charged to the Apartment Owner as a special assessment against the Owner's Apartment.

(vii) Each Owner shall submit to the Board and, if applicable, Declarant, for review by the Board, Declarant, if applicable, and/or the architect and/or engineer hired by the Board, four copies of the complete plans and specifications for the proposed Alteration. A non-refundable fee in such amount as shall be determined by the Board from time to time (the "Alteration Review Fee") shall also be paid to the Board at the time of the Owner's initial submittal.

(viii) In addition to the Alteration Review Fee, each Owner shall pay to the Board an "Alteration Deposit" in such amount as shall be determined by the Board from time to time. The Alteration Deposit shall be paid to the Board at the time that the Board and, if applicable, Declarant approves the Owner's Alteration plans and specifications. No construction may commence until the Alteration Deposit has been paid to the Board.

(ix) If the Owner or the Owner's contractors fail to perform any requirement under the Project Documents or any supplemental Alteration rules adopted by the Board or causes any damage to the Project during the course of construction, the Board shall be entitled to use all or any portion of the Alteration Deposit to cover any resulting damage, cost or loss incurred, provided that in no event shall the amount of such deposit be deemed to limit such Owner's liability for any loss, liability, cost or expense of whatsoever nature arising or as a result of any such failure or damage. If no such failure to perform or damage to the Project occurs, then the Board shall return the Alteration Deposit to the Owner without interest following the Board's and, if applicable, Declarant's final inspection of the Owner's completed Alterations.

(x) The Board shall have the right to increase the amount of the Alteration Review Fee and the Alteration Deposit from time to time. The Board shall also have the right, from time to time, to adopt supplemental rules relating to Alterations.

3. Amendment To Declaration and Condominium Map. In the event of an Alteration pursuant to and in compliance with Sections M.2(a) and M.2(b) that alters (a) the depiction of the particular Apartment(s) or Limited Common Elements as they may be shown on the Condominium Map, (b) the description thereof in the Declaration or (c) the Common Interest or Limited Common Elements appurtenant thereto, the Apartment Owner or Owners making the change shall amend this Declaration and, if applicable, the Condominium Map to set forth such change or alteration, which amendment(s) may be executed by the Owner of the affected Apartment or Apartments without the need for execution by any other Person, and such amendment(s) shall become effective upon the Recordation thereof. The provisions of Section S of this Declaration notwithstanding, such amendment shall not require the vote, consent, or joinder of any other Apartment Owner or any other Person having any interest in the Project, other than the approval of Eligible Holders of First Mortgages of the Apartment or Apartments being changed or altered. Every Apartment Owner, as Apartment Owners and as members of the Association and, if applicable, the Board of Directors, all holders of liens affecting any of the Apartments of the Project and each and every other party acquiring an interest in the Project or any part thereof, by acquiring such Apartment, lien or other interest: (y) consents to and agrees that he, she or it shall, if required by law or by any such Owner who shall have changed or altered an Apartment as aforesaid (the "Altering Owner"), join in, consent to, execute, deliver and record all instruments and documents necessary or desirable to effect the amendment of this Declaration

and/or the Condominium Map; and (z) appoints the Altering Owner and the Altering Owner's assigns his, her or its attorney-in-fact and/or agent with full power of substitution to execute, deliver and record such documents and to do such things on his, her or its behalf, which grant of such power, being coupled with an interest, is irrevocable and being a durable power of attorney and/or agency, shall not be affected by the disability of any such party. Pursuant to Section 514A-11(12) of the Act, Alterations made pursuant to Section M.2(a) by Declarant shall not require the vote or consent of the Board or any other person."

**EXHIBIT L**  
**HALENOHONA**  
**APARTMENT SELECTION FORM AND**  
**NOTICE OF CHRONOLOGICAL SYSTEM**  
**AND RECEIPT OF OWNER-OCCUPANT AFFIDAVIT FORM**

**Apartment Selection Form**

Apartment selected (in order of preference):

Apartment No.          Apartment Type          Square Footage

- 1.
- 2.
- 3.

Selection List Number: \_\_\_\_\_

PRINT Full name of Buyers:

\_\_\_\_\_

FIRST	MIDDLE	LAST
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FIRST	MIDDLE	LAST
-------	--------	------

Address: \_\_\_\_\_  
Street Address

City	State	Zip
------	-------	-----

Phone: (Res.) \_\_\_\_\_ Email: \_\_\_\_\_  
 (Bus.) (Husband) \_\_\_\_\_  
 (Bus.) (Wife) \_\_\_\_\_ Fax: \_\_\_\_\_

Buyer's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Buyer's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

This Apartment Selection Form does not constitute a sales contract or a reservation for a particular apartment. If Buyer does not sign the Deposit Receipt, Reservation and Sales Agreement presented by Seller for the purchase of an apartment within three days of Seller's request to do so, then Buyer's deposit is refundable and Buyer shall have no further right to execute an Agreement for an apartment selected.

**RECEIPT OF EARNEST MONEY DEPOSIT ACKNOWLEDGED:**

Date: \_\_\_\_\_ Time: \_\_\_\_\_ A.M./P.M.          Check Amount: \_\_\_\_\_  
 Check No. \_\_\_\_\_

By: \_\_\_\_\_  
 (Agent for Developer/Real Estate Broker)

## Notice and Receipt

This is a Notice given by **HOBRON HOTEL, L.L.C., a Delaware limited liability company** (the "Developer") in regard to a proposed fee simple residential condominium project to be known as "**HALENOHONA**" (the "Project"), which the Developer has made preliminary plans to develop at Hobron Lane, Waikiki, City and County of Honolulu, State of Hawaii, TMK No. (1) 2-6-12:047. The purpose of this Notice is to inform prospective purchasers of residential units in the Project of the chronological system that has been established for selecting prospective purchasers who will be offered the opportunity to enter into sales contracts for such units.

By signing below, the undersigned acknowledges the following:

1. The undersigned has received the form of "Affidavit of Intent to Purchase and Reside in an Owner-Occupant designated Condominium Residential Unit" (the "Owner-Occupant Affidavit").
2. The undersigned has read or has been given an opportunity to read the Owner-Occupant Newspaper Announcement ("Pre-Sale Notice") regarding the Project, or a copy thereof, which was first published in the Honolulu Advertiser on \_\_\_\_\_, 2003.
3. Prior to the date on which the Pre-Sale Notice was first published, the undersigned did not receive any information regarding the Project or any advance notice of the first publication date from any person who, to the best of the undersigned's knowledge, is an agent or employee of the Developer, or is a licensed real estate agent.
4. The undersigned has been furnished with or been given an opportunity to review a list of those apartments in the Project which have been designated as "residential apartments for sale to prospective owner-occupants" ("designated apartments") pursuant to section 514A-103, HRS.
5. The undersigned understands that the Developer's Real Estate Broker is compiling a "Selection List" of prospective owner-occupants **in the chronological order in which each has submitted both a completed Owner-Occupant Affidavit and an earnest money deposit in the amount of \$500.00**. Each of the prospective owner-occupants on the final Selection List will be offered an opportunity to select and enter into a sales contract for the purchase of a designated apartment **in the order in which their names appear on the Selection List**. Those prospective owner-occupants who are not initially offered an opportunity to select and enter into a sales contract for the purchase of a residence, or who initially decline to select and enter into a sales contract, may retain their position on the Selection List as "back-up" prospective owner-occupants.
6. The undersigned understands that any earnest money deposit which the undersigned submits will be deposited in an escrow account that **will not earn interest for the undersigned's account**. At any time prior to entering into a sales contract for the purchase of a designated apartment, the undersigned may request in writing to be removed from the Selection List and thereupon will receive a full refund of the undersigned's earnest money deposit without interest.
7. This is a "Notice" to prospective owner-occupants and a "Receipt" for the Owner-Occupant Affidavit only. **This is not a contract and does not give the undersigned any right to purchase an apartment in the Project or to have the undersigned's name appear on any selection or reservation list. To be on the Selection List, the undersigned must return a fully completed and executed Owner-Occupant Affidavit and make the earnest money deposit set forth above.**



8. The undersigned has signed this Notice and Receipt in the presence of an agent or representative of the Developer or the Developer's Real Estate Broker.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

Signed in my presence:

\_\_\_\_\_  
Agent for Developer/Broker