

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

CONDOMINIUM PROJECT NAME	PENSACOLA CHELSEA CONDOMINIUM
Project Address	1310 Pensacola Street, Honolulu, Hawaii 96814
Registration Number	6224
Effective Date of Report	March 7, 2007
Developer(s)	Pensacola Chelsea Building LLC

Preparation of this Report

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

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

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

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

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

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

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

SPECIAL ATTENTION

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General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. In addition, certain requirements and approvals of the county in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

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

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

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

Operation of the Condominium Project

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

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

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

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple	<input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	Not applicable	
Address of Project	1310 Pensacola Street, Honolulu, Hawaii 96814	
Address of Project is expected to change because	Not applicable	
Tax Map Key (TMK)	(1) 2-4-013-021 and (1) 2-4-013-024	
Tax Map Key is expected to change because	individual CPR numbers may be assigned to the units	
Land Area	approximately 20,200 square feet	
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	Not applicable	

1.2 Buildings and Other Improvements

Number of Buildings	1
Floors Per Building	5
Number of New Building(s)	1
Number of Converted Building(s)	0
Principal Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	concrete, steel, gyp board, glass

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc.)	Total Area
See Exhibit A.						

44	Total Number of Units
----	------------------------------

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

1.4 Parking Stalls

Total Parking Stalls in the Project:	74
Number of Guest Stalls in the Project:	3
Number of Parking Stalls Assigned to Each Unit:	1 or 2
Attach Exhibit <u>B</u> specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	
Not applicable.	

1.5 Boundaries of the Units

Boundaries of the unit: The space within the undecorated or unfinished surfaces of the perimeter or party walls or interior load-bearing walls (if any), the floors and the ceilings surrounding each unit.
--

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project): Not applicable.
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1.7 Common Interest

Common Interest: Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by unit owners. The common interest for each unit in this project, as described in Declaration, is:
Described in Exhibit <u>B</u> .
As follows:

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

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

1.9 Common Elements

<p>Common Elements: Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.</p>	
<p>Described in Exhibit <u>C</u>.</p>	
<p>Described as follows:</p>	
Common Elements	Number
Elevators	1
Stairways	3
Trash Chutes	0

1.10 Limited Common Elements

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

1.11 Special Use Restrictions

<p>The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.</p>	
<input checked="" type="checkbox"/>	Pets: only one not to exceed 25 pounds in weight and certified guide dogs, service animals and signal dogs
<input type="checkbox"/>	Number of Occupants:
<input type="checkbox"/>	Other:
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

<p>An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).</p>
<p>Exhibit <u>D</u> describes the encumbrances against title contained in the title report described below.</p>
<p>Date of the title report: January 3, 2007</p>
<p>Company that issued the title report: Old Republic Title & Escrow of Hawaii</p>

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning								
		Type of Use	No. of Units	Use Permitted by Zoning			Zoning	
<input checked="" type="checkbox"/>		Residential	44	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	A-2 Apartment
		Commercial		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	
		Mix Residential/Commercial		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	
		Hotel		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	
		Timeshare		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	
		Ohana		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	
		Industrial		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	
		Agricultural		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	
		Recreational		<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	
		Other (specify)		<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	
Is/are this/these use(s) specifically permitted by the project's Declarations or Bylaws?				<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	
Variances to zoning code have been granted.				<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	
Described any variances that have been granted to zoning code								

1.14 Other Zoning Compliance Matters

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

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

<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:</p> <p>Not applicable.</p>

1.15 Conversions

<p>Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.</p>	<p><input type="checkbox"/> Applicable</p> <p><input checked="" type="checkbox"/> Not Applicable</p>
<p>Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:</p>	
<p>Developer's statement of the expected useful life of each item reported above:</p>	
<p>List of any outstanding notices of uncured violations of any building code or other county regulations:</p>	
<p>Estimated cost of curing any violations described above:</p>	

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

1.16 Project In Agricultural District

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

1.17 Project with Assisted Living Facility

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

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer	Name: Pensacola Chelsea Building LLC Address: 1300 E. Woodfield Road, #312 Schaumburg, Illinois 60173 Business Phone Number: (808) 591-2437 E-mail Address: None
Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).	Falahud Din Shams - Member
2.2 Real Estate Broker	Name: Coldwell Banker Pacific Properties, Ltd. Address: 1314 South King Street, 2 nd Floor Honolulu, Hawaii 96814 Business Phone Number: (808) 597-5550 E-mail Address:
2.3 Escrow Depository	Name: Old Republic Title & Escrow of Hawaii, Ltd. Address: 733 Bishop Street, Suite 2700 Honolulu, Hawaii 96813 Business Phone Number: (808) 566-0100
2.4 General Contractor	Name: Metcalf Construction Co., Inc. Address: 73-4273 Huikoa Drive Kailua-Kona, Hawaii 96740 Business Phone Number: (808) 329-1975
2.5 Condominium Managing Agent	Name: Hawaiiana Management Company, Ltd. Address: 711 Kapiolani Boulevard, Suite 700 Honolulu, Hawaii 96813 Business Phone Number: (808) 593-9100
2.6 Attorney for Developer	Name: Rush Moore LLP (Earl T. Sato/Irene Anzai) Address: 737 Bishop Street, #2400 Honolulu, Hawaii 96813 Business Phone Number: (808) 521-0400

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

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

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	November 9, 2006	2006-210162

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number

3.2 Bylaws of the Association of Unit Owners

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	November 9, 2006	2006-210163

Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	January 19, 2007	2007-012083

3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.

Land Court Map Number	
Bureau of Conveyances Map Number	4336
Dates of Recordation of Amendments to the Condominium Map:	

3.4 House Rules

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

The House Rules for this project:

Are Proposed		
Have Been Adopted and Date of Adoption		x November 17, 2006
Developer does not plan to adopt House Rules		

3.5 Changes to the Condominium Documents

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

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

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

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

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

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

The Initial Condominium Managing Agent for this project is (check one):

<input checked="" type="checkbox"/>		Not affiliated with the Developer
<input type="checkbox"/>		None (self-managed by the Association)
<input type="checkbox"/>		The Developer or an affiliate of the Developer
<input type="checkbox"/>		Other (explain)

4.2 Estimate of the Initial Maintenance Fees

Estimate of the Initial Maintenance Fees: The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit F contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:

<input checked="" type="checkbox"/>		Electricity for the common elements
<input type="checkbox"/>		Gas for the common elements
<input checked="" type="checkbox"/>		Water
<input checked="" type="checkbox"/>		Sewer
<input type="checkbox"/>		TV cable
<input checked="" type="checkbox"/>		Other (specify) elevator telephone

4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:

<input checked="" type="checkbox"/>		Electricity for the Unit only
<input type="checkbox"/>		Gas for the Unit only
<input type="checkbox"/>		Water
<input type="checkbox"/>		Sewer
<input checked="" type="checkbox"/>		TV cable
<input type="checkbox"/>		Other (specify)

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

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

5.2 Sales to Owner-Occupants

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

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

5.3 Blanket Liens

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

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

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	Buyer's contract will be cancelled and Buyer's deposits will be returned less escrow cancellation fee. Buyer may lose all rights to buy the unit.

5.4 Construction Warranties

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

Building and Other Improvements: Seller makes no warranties to Buyers, but will assign the unexpired term, if any, of any and all warranties given by contractors.

Appliances: Seller makes no warranties to Buyers, but will assign or cause to be assigned the unexpired term, if any, of any manufacturer's or dealer's warranties.

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

<p>Status of Construction: Construction is anticipated to commence in March 2007, and to be completed by September 2008.</p>
<p>Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.</p>
<p>Completion Deadline for any unit not yet constructed, as set forth in the sales contract: Two years from effective date of the sales contract.</p>
<p>Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract: Not applicable.</p>

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

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

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

<input type="checkbox"/>	<p>The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project. If the box to the left is checked, Sections 5.6.2 and 5.7, which follow below, will not be applicable to the project.</p>
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5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

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

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

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

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

5.7 Rights Under the Sales Contract

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

Copies of the condominium and sales documents and amendments made by the Developer are available for review through the Developer or through the Developer's sales agent, if any. The Condominium Property Regime law (Chapter 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:

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

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

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

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

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

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

(1) The purchaser has signed the sales contract.

(2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.

(3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.

(4) The purchaser does at least one of the following:

(a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

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

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

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

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

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

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

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

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

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

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

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

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

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

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

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

The Developer hereby certifies that all the information contained in this report and the exhibits attached to this report and all documents to be furnished by the Developer to purchasers concerning the project have been reviewed by the Developer and are, to the best of the Developer's knowledge, information and belief, true, correct and complete. The Developer hereby agrees promptly to amend this report to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

PENSACOLA CHELSEA BUILDING LLC

Printed Name of Developer

By:

[Signature]

Duly Authorized Signatory*

3-1-07

Date

FARAH D. STANS, Member Manager

Printed Name & 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; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.

EXHIBIT "A"

UNIT TYPES AND SIZES OF UNITS

Unit Type	Quantity	BR/Bath
A	34	1 / 1
B	6	1 / 1
C	2	1 / 1
D	2	2 / 1

Unit	Unit Type	Net Floor Area (square feet)	Lanai(s) Floor Area(s) (square feet)	Yard Area(s) (square feet)	Roof Deck Area (square feet)	Total Area
101	A	630		238 (rear) 136 (front)	---	1,004
102	A	630		323 (rear)	---	953
103	A	630		323 (rear)	---	953
104	A	630		323 (rear)	---	953
105	A	630		323 (rear)	---	953
106	A	630		323 (rear)	---	953
107	A	630		323 (rear)	---	953
108	A	630		323 (rear)	---	953
109	A	630		323 (rear)	---	953
110	A	630		323 (rear) 136 (front)	---	1,073
201	B	630	210 120	---	---	960
202	A	630	210	---	---	840

Unit	Unit Type	Net Floor Area (square feet)	Lanai(s) Floor Area(s) (square feet)	Yard Area(s) (square feet)	Roof Deck Area (square feet)	Total Area
203	A	630	210	---	---	840
204	A	630	210	---	---	840
205	A	630	210	---	---	840
206	A	630	210	---	---	840
207	A	630	210	---	---	840
208	A	630	210	---	---	840
209	A	630	210	---	---	840
210	B	630	210 120	---	---	960
301	B	630	210 120	---	---	960
302	A	630	210	---	---	840
303	A	630	210	---	---	840
304	A	630	210	---	---	840
305	A	630	210	---	---	840
306	A	630	210	---	---	840
307	A	630	210	---	---	840
308	A	630	210	---	---	840
309	A	630	210	---	---	840
310	B	630	210 120	---	---	960
401	B	630	210 120	---	---	960
402	A	630	210	---	---	840
403	A	630	210	---	---	840
404	A	630	210	---	---	840
405	A	630	210	---	---	840

Unit	Unit Type	Net Floor Area (square feet)	Lanai(s) Floor Area(s) (square feet)	Yard Area(s) (square feet)	Roof Deck Area (square feet)	Total Area
406	A	630	210	---	---	840
407	A	630	210	---	---	840
408	A	630	210	---	---	840
409	A	630	210	---	---	840
410	B	630	210 120	---	---	960
501	D	952	---	---	2,648	3,600
502	C	476	---	---	210	686
503	C	476	---	---	210	686
504	D	952	---	---	2,648	3,600

END OF EXHIBIT "A"

EXHIBIT "B"

COMMON INTERESTS AND PARKING STALLS

Unit	Common Interest	Parking Stall(s)
101	2.245%	42, 43CT
102	2.245%	41
103	2.245%	40
104	2.245%	39
105	2.245%	18
106	2.245%	17
107	2.245%	16
108	2.245%	15
109	2.245%	28C, 29CT
110	2.245%	30C, 31CT
201	2.245%	19
202	2.245%	20
203	2.245%	21
204	2.245%	22
205	2.245%	23C
206	2.245%	24C
207	2.245%	25C
208	2.245%	26C
209	2.245%	27C
210	2.245%	30C, 31CT
301	2.245%	44, 45T
302	2.245%	32C, 33CT
303	2.245%	34C, 35CT
304	2.245%	36C*, 37CT
305	2.245%	46, 47T
306	2.245%	48, 49T
307	2.245%	50, 51T
308	2.245%	52, 53T
309	2.245%	54, 55T
310	2.245%	56, 57T
401	2.245%	58, 59T
402	2.245%	60, 61T
403	2.245%	62C, 63CT
404	2.245%	1, 2T
405	2.245%	3, 4T
406	2.245%	5, 6T
407	2.245%	7, 8T
408	2.245%	9, 10T
409	2.245%	11, 12T
410	2.245%	13, 14T
501	3.393%	70C, 71C

Unit	Common Interest	Parking Stall(s)
502	1.707%	66C, 67C
503	1.707%	64C, 65C
504	3.393%	68C, 69C

Guest Parking Stalls: 72C, 73C, 74C*

All parking stalls are covered

C signifies compact stall

T signifies tandem stall

* signifies handicap stall

END OF EXHIBIT "B"

EXHIBIT "C"

COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

Common Elements

The common elements of the Project include the following:

1. The land of the Project in fee simple.
2. The manager's office located in the basement of the building.
3. The swimming pool and deck area located on the first floor of the building.
4. The park located on the first floor.
5. All lanais and roof decks.
6. All mailboxes located in the basement of the building.
7. The elevator and all stairways.
8. All yards, grounds, landscaping, planters, fences and walls.
9. All parking areas, driveways, ramps, walkways and corridors.
10. All pipes, wires, cables, ditches, conduits, ducts, water meters, electrical equipment, and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one Unit for services such as power, light, gas, water, sewer, storm drainage, telephone and television signal distribution, if any.
11. Any and all other 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.

Limited Common Elements

The limited common elements of the Project include the following:

1. The parking stall(s), the number(s) of which are designated on the Condominium Map and set forth on Exhibit "C" attached to the Declaration of Condominium Property Regime and on Exhibit "A" to this Developer's Public Report shall be appurtenant to and for the exclusive use of the respective Units.
2. One (1) mailbox shall be appurtenant to and for the exclusive use of each Unit.

3. The yard(s), lanai(s) or roof deck adjoining a Unit, as shown on the Condominium Map and described in Section 2.1 of the Declaration of Condominium Property Regime and on Exhibit "A" to this Developer's Public Report shall be appurtenant to and for the exclusive use of respective Units.

END OF EXHIBIT "C"

EXHIBIT "D"

ENCUMBRANCES AGAINST TITLE

The following are the encumbrances against title to the land of the Project, identified as Tax Map Key Nos. (1) 2-4-013-021 and (1) 2-4-013-024.

1. For Real Property taxes that may be due and owing reference is made to the Office of the Tax Assessor, City and County of Honolulu.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. AS TO TAX MAP KEY NO. (1) 2-4-013-021 ONLY:

a. The following "de minimis structure position discrepancy" (as said term is defined in Chapter 669-11 to 13, Hawaii Revised Statutes, as amended), as shown on the survey map prepared by Wesley T. Tengan, Licensed Professional Land Surveyor, No. 6958, dated August 26, 2006:

(i) Concrete from subject Parcel 21 extends approximately 0.2 ft. to 0.2 ft. for a length of 3.0 ft. into Pensacola Street.

(ii) Shed from Parcel 87 extends approximately 0.1 ft. to 0.1 ft for a length of 10.2 ft. into subject Parcel 21.

(iii) Concrete from Parcel 22 extends approximately 0.2 ft. to 0.2 ft. for a length of 34.3 ft. into subject Parcel 21.

(iv) End of tile wall from Parcel 22 extends approximately 0.2 ft. into subject Parcel 21.

b. The following encroachment(s), as shown on the survey map prepared by Wesley T. Tengan, Licensed Professional Land Surveyor, No. 6958, dated August 26, 2006:

(i) Concrete from subject Parcel 21 extends approximately 0.3 ft. to 0.3 ft. for a length of 6.3 ft. into Parcel 86.

(ii) End of concrete with post (B) from subject Parcel 21 extends approximately 0.5 ft. into Pensacola Street.

(iii) Roof from subject Parcel 21 extends approximately 1.4 ft. to 1.2 ft. for a length of 31.2 ft. into Pensacola Street.

(iv) End of concrete with post (D) from subject Parcel 21 extends approximately 0.4 ft. into Pensacola Street.

(v) Wood fence from Parcel 87 extends approximately 0.5 ft. to 0.6 ft. for a length of 1.2 ft. into subject Parcel 21.

(vi) Concrete footing from subject Parcel 21 extends approximately 0.0 ft. to 0.8 ft. to 0.5 ft. for a length of 4.7 ft. into Parcel 87.

(vii) Concrete from subject Parcel 21 extends approximately 0.7 ft. to 0.7 ft. for a length of 12.6 ft. into Parcel 86.

4. AS TO TAX MAP KEY NO. (1) 2-4-013-024 ONLY:

a. The following encroachment(s), as shown on the survey map prepared by Wesley T. Tengan, Licensed Professional Land Surveyor, No, 6958, dated August 26, 2006:

(i) Water meter from subject Parcel 24 extends approximately 1.0 ft. to 0.9 ft. for a length of 2.0 ft. into Roadway.

(ii) Asphalt pavement from Roadway extends approximately 0.0 ft. to 1.8 ft. to 0.0 ft. for a length of 6.1 ft. into subject Parcel 24.

(iii) Rock wall from subject Parcel 24 extends approximately 0.0 ft. to 0.7 ft. for a length of 5.9 ft. into Roadway.

(iv) Metal post from Parcel 23 extends approximately 0.2 ft. to 0.4 ft., respectively, into subject Parcel 24.

5. Declaration of Condominium Property Regime of Pensacola Chelsea Condominium dated November 9, 2006, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2006-210162, and Condominium Map No. 4336 filed in the Bureau of Conveyances of the State of Hawaii.

6. Bylaws of the Association of Unit Owners of Pensacola Chelsea Condominium dated November 9, 2006, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2006-210163.

7. Mortgage dated September 12, 2006, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2006-168915, with Pensacola Chelsea Building LLC, a Hawaii limited liability company, as Mortgagor, and Fairway Capital, LLC, a Nevada limited liability company, as Mortgagee.

8. UCC-1 Financing Statement recorded in Bureau of Conveyances of the State of Hawaii on September 14, 2006, as Document No. 2006-168916, with Pensacola Chelsea Building LLC, as Debtor, and Fairway Capital, LLC, as Secured Party.

END OF EXHIBIT "D"

EXHIBIT "E"

DEVELOPER'S RESERVED RIGHTS

1. The Developer reserves an easement over and upon the Project as may be reasonably necessary for the completion of the development and construction of the Project and the correction of defects in the Project (see Section 4.6 of the Declaration).

2. The Developer reserves the right to conduct extensive sales activities on the Project for the sale of units in the Project, including without limitation, the use of model units, sales and management offices, and extensive sales displays and activities until the date of the closing of the sale of the last unsold unit in the Project or in such other projects (see Section 4.7 of the Declaration).

3. The Developer reserves the right, for itself and its successors and assigns, at any time prior to December 31, 2012, to designate and to grant to any public or governmental authority or other entity rights-of-way and other easements which are for the sole benefit of the Project, for the benefit of lands located near or adjacent to the Project, or which do not materially and adversely interfere with the use, nor materially and adversely impair the value of the Project or any unit in it, over, across, under and through the common elements for lines and other transmission facilities and appurtenances for electricity, gas, telephone, water, sewer, drainage, and other public services and utilities, and rights to enter for the purpose of installing, repairing, altering and removing such lines and facilities and of trimming any trees in the way thereof; provided that in connection with the installation, maintenance, repair, alteration or removal of any such lines and facilities pursuant to rights-of-way and other easements granted hereunder, the Developer or its successors or assigns, as applicable, must require that the common elements be restored promptly at the expense of the party owning and exercising such easement right; provided, further, that the Association, through its Board of Directors, and with the consent and agreement of the holders of any then existing easements affected thereby, is authorized to grant, convey, transfer, cancel, relocate and otherwise deal with any and all such public services and utilities easements now or hereafter located on or affecting the Project without requiring any consideration therefor. To the extent that joinder of any unit owner and lien holder or other person who may have any interest in the Project, any unit or the land of the Project may be required in order to validate any act or thing done pursuant to the foregoing reservation, such joinder shall be accomplished by a power of attorney from each of the owners, lien holders or other such parties. The acquiring or acceptance of ownership in a unit or of a lien covering a unit or any other interest in the Project or the land of the Project shall constitute a grant of such power of attorney and the grant, being coupled with an interest, shall be irrevocable and shall not be affected by the disability of the party granting such power (see Section 4.8 of the Declaration).

4. The Developer reserves the right to amend the Declaration (see Section 17 of the Declaration), without the consent or joinder of the Association or the persons then owning or leasing the units or their mortgagees, to satisfy any requirement of the Department of Veterans' Affairs ("VA") or the Federal Housing Administration ("FHA") which the Developer deems necessary or convenient. and to such extent and with such language as may be requested by the FHA, VA, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or by any federally chartered lending institution as a condition precedent to lending funds upon the security of a unit in the Project.

5. The Developer reserves the right to amend the Declaration (see Section 18 of the Declaration), without the consent or joinder of the Association or the persons then owning or leasing the units or their mortgagees, as follows:

a. From time to time, after completion of construction of the buildings of the Project, pursuant to the provisions of Section 514B-34, Hawaii Revised Statutes, to record verified statements of a registered architect or professional engineer certifying that the final plans of the buildings theretofore filed or being filed simultaneously with such amendments fully and accurately depict the layout, location, numbers and dimensions of the units as built.

b. To make changes to the Project and to amend the Declaration and the Condominium Map in any manner, as long as the Developer owns all of the units in the Project.

c. To change the number of each type of unit in the Project; provided, however, that this right shall apply only to units that are not yet built or are owned by the Developer.

d. To make changes to the Project and the Project drawings and/or specifications; provided that such changes do not violate applicable laws and codes and do not constitute a material change to any unit not owned by the Developer.

END OF EXHIBIT "E"

EXHIBIT "F"

ESTIMATE OF THE INITIAL MAINTENANCE FEES

Estimate of the Initial Maintenance Fees:

<u>Units</u>	<u>Monthly Fee</u>	x	<u>12 months</u>	=	<u>Yearly Total</u>
104, 102, 103, 104, 105, 106, 107, 108, 109, 110, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410	\$328.56	x	12 months	=	\$3,942.72
502, 503	\$249.82	x	12 months	=	\$2,997.84
501, 504	\$496.57	x	12 months	=	\$5,958.84

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

Estimate of Maintenance Fee Disbursements:

	<u>Monthly Fee</u>	x	12 months	=	<u>Yearly Total</u>
Utilities and Services					
Electricity					
[x] common elements only	\$ 2,500.00	x	12 months	=	\$ 30,000.00
[] common elements and apartments	\$ 0.00	x	12 months	=	\$ 0.00
Water	\$ 800.00	x	12 months	=	\$ 9,600.00
Sewer	\$ 1,760.00	x	12 months	=	\$ 21,120.00
Telephone	\$ 150.00	x	12 months	=	\$ 1,800.00
Maintenance, Repairs and Supplies					
Grounds	\$ 200.00	x	12 months	=	\$ 2,400.00
Janitorial Service	\$ 200.00	x	12 months	=	\$ 2,400.00
Electrical/Lighting	\$ 800.00	x	12 months	=	\$ 9,600.00
Elevator	\$ 1,000.00	x	12 months	=	\$ 12,000.00
Pest Control	\$ 200.00	x	12 months	=	\$ 2,400.00
Plumbing	\$ 400.00	x	12 months	=	\$ 4,800.00
Refuse Collection	\$ 500.00	x	12 months	=	\$ 6,000.00
Fire Systems	\$ 25.00	x	12 months	=	\$ 300.00
Miscellaneous Repairs and Supplies	\$ 1,500.00	x	12 months	=	\$ 18,000.00
Management					
Management Fee	\$ 940.00	x	12 months	=	\$ 11,280.00
Administrative Supplies and Services	\$ 350.00	x	12 months	=	\$ 4,200.00
Insurance					
Property	\$ 1,050.00	x	12 months	=	\$ 12,600.00
General Liability	\$ 200.00	x	12 months	=	\$ 2,400.00
Umbrella	\$ 125.00	x	12 months	=	\$ 1,500.00
Fidelity Bond	\$ 40.00	x	12 months	=	\$ 480.00
Director and Officer Liability	\$ 105.00	x	12 months	=	\$ 1,260.00
Professional Services					
Audit/Tax Preparation	\$ 80.00	x	12 months	=	\$ 960.00
Legal Fees	\$ 350.00	x	12 months	=	\$ 4,200.00
Other					
General Excise and Federal Taxes	\$ 20.00	x	12 months	=	\$ 240.00
Condominium Registration	\$ 20.00	x	12 months	=	\$ 240.00
Reserves	\$ 1,320.00	x	12 months	=	\$ 15,840.00

TOTAL \$14,635.00 x 12 months = \$175,620.00

The Developer has not conducted a reserve study in accordance with §514B-148, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

END OF EXHIBIT "F"

EXHIBIT "G"

SUMMARY OF SALES CONTRACT

A copy of the form of Condominium Reservation Agreement, Deposit Receipt and Sales Agreement ("Sales Contract") has been submitted to the Real Estate Commission and is available for inspection at Developer's office. The following is a summary of some of the provisions of the Sales Contract. ALL PURCHASERS AND PROSPECTIVE PURCHASERS SHOULD CAREFULLY READ THE SALES CONTRACT IN FULL SINCE THIS SUMMARY IS NOT INTENDED TO BE A COMPLETE DESCRIPTION OF THE PROVISIONS OF THE SALES CONTRACT.

1. The Sales Contract does not become a binding contract until the Effective Date occurs. Until the Effective Date, the Sales Contract is only a reservation for the unit and is not legally binding on either the purchaser or Developer. The Effective Date of the Sales Contract shall be the date on which all of the following conditions are fulfilled:

- (a) The Sales Contract has been accepted by Developer;
- (b) A true copy of Developer's Public Report is mailed or otherwise delivered to the purchaser;
- (c) A notice of the purchaser's thirty-day right to cancel this Agreement is mailed or otherwise delivered to the purchaser; and
- (d) The purchaser has waived or be deemed to have waived the purchaser's right to cancel the Sales Contract pursuant to Section 514B-86 of the Act.

2. If the unit covered by a particular Sales Contract is an Owner-Occupant Designated Unit, and the purchaser has executed an affidavit stating purchaser's intent to become an owner-occupant of the unit, then purchaser agrees when signing the Sales Contract that purchaser will occupy the unit as purchaser's principal residence. Any such purchaser shall be required to reaffirm his or her intent to be an owner-occupant no later than the Closing Date. Failure to sign the reaffirmation upon the reasonable request of Developer shall constitute a default under the Sales Contract by such purchaser and Developer shall have the remedies provided in the Sales Contract.

3. Developer makes no warranties regarding the unit or the Project, but any all warranties given Developer by contactors for the Project relating to the unit shall accrue to the purchaser. Seller shall also assign or cause to be assigned to the purchaser the unexpired term, if any, of any manufacturer's or dealer's warranties covering any furnishings, fixtures and appliances in the unit.

4. The purchaser agrees that all payments required by the Sales Contract will be deposited with Escrow and that all checks will be made payable to Escrow. The purchaser also agrees that any money that the purchaser deposits with Escrow may be deposited together with other purchasers' money in a federally insured interest bearing account, and that Escrow may distribute the money in this account according to the Escrow Agreement between Developer and Escrow. The purchaser also agrees that all the interest earned from the funds deposited by purchasers will be credited to Developer, except as may be provided in the Sales Contract. In

case purchaser is late in making payments to Escrow, the late payment will bear interest at the rate of one percent (1%) per month until paid.

5. All taxes, assessments, and charges of any kind assessable against the unit or the land of the Project will be prorated as of the Closing Date. The purchaser will be responsible for paying all closing costs in connection with the purchase of the unit, including all costs related to any mortgages, all notary fees, recording fees, escrow fees, title insurance, conveyance taxes and fees, and preparation of the Unit Deed to the purchaser.

6. The purchaser must deposit with Escrow at Preclosing a nonrefundable "start-up" fee for the condominium association. This start-up fee is an initial contribution to the Association common expenses reserve. The minimum amount of the start-up fee will be equal to two (2) months of estimated assessments for common expenses. This amount is separate from the purchase price and closing costs for the unit.

7. The purchaser may not assign purchaser's rights under the Sales Contract without the prior written consent of Developer. Under no circumstances may the purchaser assign purchaser's rights to the Sales Contract after the Preclosing or the Closing Date. If purchaser attempts to assign the Sales Contract without Developer's written consent, purchaser shall be in default under the Sales Contract.

8. Developer, at its sole discretion, shall determine the Closing Date. Developer may, at its option, preclose the sale of a unit by requiring the purchaser to deliver all documents necessary for closing and certain funds to Escrow up to sixty (60) days prior to the closing date. purchaser will have ten (10) days notice of such preclosing.

9. The purchaser shall not be able to occupy the unit until the Closing Date. purchaser shall not be able to enter the unit until the Closing Date, except with the prior consent of Developer. If the purchaser attempts to take occupancy of or enter the unit prior to the Closing Date without the consent of Developer, then the purchaser will be in default of the Sales Contract, and Developer has the right to remove the purchaser from the unit using any lawful means and at the purchaser's expense.

10. The purchaser agrees to accept a unit as suitable for occupancy even if there are defects or damage to the unit, as long as Developer promises to repair these defects within a reasonable time after purchaser takes occupancy. Prior to closing, the purchaser shall have fifteen (15) days after the date of a notice from Developer to inspect the unit.

11. Developer will complete construction so that the purchaser may occupy the unit within two (2) years from the Effective Date of the Sales Contract. However, this two (2) year period may be extended if construction is delayed by fire, earthquake, acts of God, the elements, war or civil disturbances, litigation or threat of litigation, strikes or other labor disturbances, or economic controls making it impossible to obtain the necessary labor or material, or other occurrences or conditions that are legally recognized as defenses to contract actions in the State of Hawaii.

12. By signing the Sales Contract, the purchaser represents that the purchaser is financially capable of paying the purchase price for the unit. The purchaser also represents that any financial data the purchaser has given Developer is accurate.

If the purchaser intends to finance the purchase of the unit, then the purchaser must apply for financing and inform Developer of the name and address of the lending institution and the loan officer handling the loan application within five (5) days from the Effective Date of the Sales Contract. The purchaser agrees to do everything possible and/or necessary to successfully obtain the loan. If purchaser makes a bona fide effort to obtain financing but is unsuccessful in doing so, then purchaser may cancel the Sales Contract upon written notice to Developer on or before forty-five (45) days from the Effective Date of the Sales Contract. If the Sales Contract is cancelled, the purchaser will be entitled to a refund of any money the purchaser has deposited with Escrow, without interest and less an escrow cancellation fee.

If the purchaser is making a cash purchase of a unit, the purchaser must provide proof to Developer within ten (10) days after Developer accepts the Sales Contract that purchaser is financially capable of making all payments under the Sales Contract. Developer has the option to terminate the Sales Contract if Developer determines at any time that the purchaser is unable to make the required payments. If the Sales Contract is cancelled, the purchaser will be entitled to a refund of any money the purchaser has deposited with Escrow, without interest, and less an escrow cancellation fee, the cost of any credit reports and all other costs incurred by Developer.

13. As long as the Sales Contract is only a reservation, it may be terminated for any reason and at any time at the option of either purchaser or Developer, by giving written notice of termination to the other party. If the Sales Contract is cancelled, the purchaser will be entitled to a refund of any money the purchaser has deposited with Escrow, without interest. If the purchaser cancels the sales contract, Escrow may also deduct from the refund an escrow cancellation fee and all costs incurred by Developer, Escrow or any lending institution in processing the Sales Contract or loan application, up to a maximum amount of \$250.00.

14. If the purchaser defaults, Developer may cancel the Sales Contract and may keep any amounts previously paid by the purchaser as liquidated damages to compensate Developer for its damages. Developer may also pursue any other legal remedy for purchaser's default.

If Developer defaults after the Effective Date of the Sales Contract, the purchaser's only remedy is to cancel the Sales Contract and have all of the purchaser's money refunded, except that if and only if Developer's default is because Developer has not completed construction within the time period set forth in paragraph 11 above, the purchaser shall have all remedies allowed by law.

15. If less than twenty (20) units have been sold within one hundred eighty (180) days after the date a purchaser signs the first Sales Contract for a unit in the Project, Developer has the option to cancel the Sales Contract. If Developer cancels the Sales Contract, the purchaser will be entitled to a refund of any money the purchaser has deposited with Escrow, without interest and less an escrow cancellation fee.

16. Developer has the option to cancel the Sales Contract if unanticipated delays in construction cause the cost of development to increase to the point where the Project is no longer economically feasible for Developer. If the Sales Contract is cancelled, the purchaser will be entitled to a refund of any money the purchaser has deposited with Escrow, without interest and less an escrow cancellation fee.

17. By entering into the Sales Contract, the purchaser acknowledges that the purchaser has never received any information of representations from Developer or any of

Developer's agents regarding rental income from the unit or other economic or tax benefits that purchaser may receive from ownership of the unit. The purchaser further agrees that he or she will not participate in any rental pool for the renting of the unit. The purchaser may be required to sign documents which satisfy Developer that no such representations have been made.

18. Developer may have made one or more construction loans to finance construction of the Project. Any rights which a purchaser may possess under a Sales Contract for one of the units in the Project are subject to and subordinate to the rights of the lender(s) of the construction loan(s).

19. Subject to the requirements of the Hawaii Contractor Repair Act (Hawaii Revised Statutes Chapter 672E), if applicable, any dispute between Developer and purchaser arising out of or relating to the Sales Contract or the unit, or the construction, development or management of the Project or the sale of any unit or the use or occupancy of any unit, or any other aspect of the relationship between Developer and the purchaser regarding the Project shall be subject to non-binding mediation and, if necessary, shall be resolved by mandatory arbitration.

20. The purchaser accepts the following conditions as well as any inconvenience or annoyance which the purchaser may experience as a result of such conditions and expressly waives any rights, claims or actions which he might otherwise have against Developer or third parties as a result of such circumstances:

(a) Construction activity by Developer or other unit owners may continue at the Project after purchaser has occupied the unit and this activity may result in noise, dust, surface water run off, vapors, odors, vibration, traffic congestion, or other nuisances or annoyances to purchaser and may limit the purchaser's access to portions of the Project.

(b) Sales activities, including the use of model units, sign and extensive sales displays and other activities for the sale of units developed in the Project.

(c) Developer reserves the right for itself, its employees, agents, sales representatives, business invitees and prospective purchasers to utilize the common elements for ingress and egress to model units and parking spaces and in order to show the common elements to prospective purchasers.

21. The purchaser acknowledges that it has been informed that microorganisms, including, but not limited to, mold, mildew, spores, or any other form of fungi or bacteria ("Microorganisms"), may be present in the unit and that Microorganisms, at certain levels, can cause deterioration of building materials, damage to property, health hazards, personal injuries and/or other irritant effects, such as, without limitation to, skin irritation, respiratory problems and/or allergic reactions. Concentrations of chemicals released from household furnishings, appliances, mechanical equipment, personal possessions or building materials may, at certain levels, create health hazards and/or other irritant effects, such as, without limitation to, skin irritation, respiratory problems and allergic reactions. Because Microorganisms occur naturally in the environment, Developer cannot eliminate the possibility that Microorganisms may grow in, on or about the unit. purchaser releases and agrees to indemnify and defend Developer and its successors and assigns, construction manager, contractors, subcontractors, material suppliers and the officers, employees, agents of each of them, from and against any and all claims, obligations, demands, damages, causes of action, liabilities, losses and expenses, including reasonable attorneys' and expert fees, whether now known or hereafter known, foreseen or unforeseen, that purchaser or any occupant of the unit had, has, or may have in the future, in

law or in equity (the "claim"), that are attributable to (1) bodily injury, sickness, emotional distress, disease, death or any other personal injury or adverse health effects, or (2) injury to or destruction of tangible personal property, including loss of the use thereof arising out of or relating to, or in any way connected with, indoor air quality, moisture, or the growth, release, discharge, dispersal or presence of any Microorganisms or any chemicals in the indoor air or on the interior surfaces of the unit including, without limitation to, wall cavities, the attic, windows and the basement, or on the exterior surfaces of the unit or on any part thereof.

END OF EXHIBIT "G"

EXHIBIT "H"

SUMMARY OF ESCROW AGREEMENT

A copy of the Condominium Escrow Agreement dated December 15, 2006, between the Developer and Old Republic Title & Escrow of Hawaii, Ltd. ("Escrow"), has been submitted to the Real Estate Commission and is available for inspection at the Developer's sales office. The following is a summary of some of the provisions of the Escrow Agreement.

NOTE: ALL PURCHASERS AND PROSPECTIVE PURCHASERS SHOULD READ THE ESCROW AGREEMENT AND ALL AMENDMENTS, IF ANY, IN FULL AS THIS SUMMARY DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS IN THE ESCROW AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE ESCROW AGREEMENT, AND DOES NOT ALTER OR AMEND THE ESCROW AGREEMENT IN ANY MANNER.

1. A signed copy of each sales contract for a unit in the Project must be given to Escrow.
2. All money received by the Developer from purchasers under sales contracts for units in the Project must be given to Escrow. Escrow, in accordance with written instructions from the Developer, shall deposit all money so received in an interest-bearing account at a federally insured bank, savings and loan association or other financial institution. Any interest earned on funds deposited into Escrow will accrue as set forth in the sales contract unless otherwise provided.
3. Escrow may not make any disbursements of funds until certain conditions, including the issuance of an effective date for the Developer's Public Report for the Project by the Real Estate Commission, have been met. Escrow may make disbursements of funds prior to closing to pay project costs under certain circumstances.
4. Under certain conditions, a purchaser shall be entitled to a refund. Escrow shall pay this refund to the purchaser with interest which may have accrued to the credit of the purchaser and less a reasonable escrow cancellation fee.
5. If a purchaser fails to claim a refund for a cancelled sales contract, Escrow will notify the purchaser at the purchaser's address shown on the sales contract.
6. If a purchaser fails to make a payment to Escrow in a timely manner, Escrow will notify Developer. If the Developer subsequently notifies Escrow in writing that Developer has terminated the sales contract and provides Escrow with copies of all notices of termination sent to the purchaser, Escrow will then treat any funds the purchaser has already paid as though they belong to the Developer. Upon written request by the Developer, Escrow will pay all such sums to Developer minus any escrow cancellation fee.
7. The Escrow Agreement is subject to the provisions of Hawaii Revised Statutes, Chapter 514B, as it may be amended.