



RECEIPT OF PROJECT INFORMATION FORM  
Hawaii Association of REALTORS® Standard Form  
Revised 12/10 (NC) For Release 5/14



**COPYRIGHT AND TRADEMARK NOTICE:** This copyrighted Hawaii Association of REALTORS® Standard Form is licensed for use by the entire real estate industry on condition that there shall be no alteration of the printed portions, pagination, or paragraph numbers or breaks. The use of this form is not intended to identify the real estate licensee as a REALTOR®. REALTOR® is a registered collective membership mark which may be used only by real estate licensees who are members of the National Association of REALTORS® and who subscribe to its Code of Ethics.

Property Reference or Address: 1850 Ala Moana Blvd, Palms at Waikiki 324, Honolulu HI 96815

Tax Map Key: Division 1 /Zone 2 /Sec. 6 /Plat 12 /Parcel 3 /CPR 50 (if applicable).

By signing below, I acknowledge and agree that:

1. I received a copy of the Project Information Form RR105c dated 11/18/2015.
2. The information contained in this form is being provided by the Managing Agent at the Seller's request and is based only upon the knowledge and information available to the Managing Agent.
3. The information provided on the form cannot be considered to be a substitute for a careful inspection of the Project and the Project's governing documents, minutes of meetings, financial documents, and the like.
4. I am advised that I should refer to qualified experts in the various fields, including but not limited to attorneys, accountants, engineers and contractors for detailed evaluation of areas where additional information is desired.
5. If the Managing Agent has marked "NTMK" in response to any questions, I recognize that this does not mean there may not be a defect which an expert could discover, or the passage of time would reveal. Likewise, I recognize that a problem may be more serious than the Managing Agent knows.
6. This form is not a warranty of any kind by Seller, the Managing Agent, or any Brokerage Firm and all of its licensees representing Seller or Buyer.

Buyer \_\_\_\_\_ Date \_\_\_\_\_ Buyer \_\_\_\_\_ Date \_\_\_\_\_

**NOTE:** THERE IS NO WARRANTY ON PLAIN LANGUAGE. An effort has been made to put this agreement into plain language. But there is no promise that it is in plain language. In legal terms, THERE IS NO WARRANTY, EXPRESSED OR IMPLIED, THAT THIS AGREEMENT COMPLIES WITH CHAPTER 487A OF THE HAWAII REVISED STATUTES, AS AMENDED. This means that the Hawaii Association of REALTORS® is not liable to any Buyer or other person who uses this form for any damages or penalty because of any violation of Chapter 487A. People are cautioned to see their own attorneys about Chapter 487A (and other laws that may apply).



**PROPERTY INFORMATION FORM RR105c**  
**Condominium, Co-op, PUD, and other Homeowner Organizations**  
**Hawaii Association of REALTORS Standard Forms**

Completion Date: 1966  
Name of Property: AOAO Palms At Waikiki Unit/Lot #: 324

All references to the word "Property" shall refer to the above.

Property Address: 1850 Ala Moana Blvd Honolulu, HI. 96815

Property Tax Map Key: \_\_\_\_\_

This property is managed by a licensed real estate broker. ☒ Yes ☐ No If a licensed real estate broker, is managing agent registered with the Real Estate Commission as a Condominium Managing Agent? ☐ Yes ☒ No

Name of Managing Agent: Aqua Hotels & Resorts, LLC

Managed by this Managing Agent since: 2005

Managing Agent provides (check those services that apply):

☒ Administrative Managing Services

☒ Fiscal Management Services

☒ Physical Management Services

☐ Other Management Services - \_\_\_\_\_

This Property is self-managed since: \_\_\_\_\_

**A. GENERAL & LEGAL**

Total number of apartments: 268 Number of guest parking stalls available: \_\_\_\_\_

If applicable, what percentage of Condominium Apartments has been sold and conveyed (excluding to the Developer)?  
100 %

If applicable, what approximate percentage of Condominium Apartments is owner-occupied? 3 %

Approximately how many foreclosures have been filed by the Board of Directors during the past twelve (12) months?  
\_\_\_\_\_

What approximate percentage of owners is more than one month delinquent in maintenance fees? 1.12 %

**\*\*If answer is "Yes", using the SAME number below, describe in the space provided.\*\***

**Yes No NTMK (not to my knowledge)**

☐ ☒ ☐ (1) Within the past year, has the Board of Directors had discussions with the lessor regarding the purchase of the leased fee interest in the land?

☐ ☒ ☐ (2) Is this Property subject to phasing or development of additional increments?

☐ ☒ ☐ (3) Has the Owners Association or Corporation been in control of the operations of the Property for less than two (2) years?

☐ ☒ ☐ (4) Are there any lawsuits, arbitration or mediation actions affecting this Property and/or Association other than delinquent owner maintenance fees?

Attorney for Association of Apartment Owners: \_\_\_\_\_

**NOTE: Any attorney fees or other costs incurred for further answering this inquiry shall not be at the expense of the Association of Apartment Owners, nor of the Managing Agent.**

☐ ☒ ☐ (5) If property is a Condominium, does any single entity, individual or partnership own more than 10 percent of the common interest of this property?

☐ ☒ ☐ (6) Are any Association or Corporation approvals required for transfer of Ownership?

☐ ☒ ☐ (7) Is a resident manager's apartment a part of the common elements, or is one owned by the Association or Corporation (does not apply to Planned Unit Development)?

☐ ☒ ☐ (8) Is a time share operation existing at this Property?

Name of operator: \_\_\_\_\_

☒ ☐ ☐ (9) Is there a hotel, transient vacation rental operation, or other organized rental program at the Property?

Name of Operator: Aqua-Aston Hospitality

☒ ☐ ☐ (10) Have any of the following items been discovered by the Association or Corporation at the Property? ☒ Asbestos ☐ Formaldehyde ☐ Radon Gas ☐ Lead-Based Paint

☒ ☐ ☐ (11) Are there commercial apartments, lots or commercial use of the common areas or common elements at the Property?

Property Address: 1850 Ala Moana Blvd Honolulu, HI. 96815

**Number of Question answered "YES" and Explain:**

See Comments

Buyer's Initials & Date \_\_\_\_\_

Seller's Initials & Date \_\_\_\_\_

**B. INSURANCE**Name of Insurance Company: Insurance AssociatesName of Insurance Agent: Sue Savio Phone: 808-526-9271**\*\*If answer is "Yes", using the SAME number below, describe in the space provided.\*\***

| Yes                                 | No                       | NTMK                                | Note: | In case of Planned Unit Development, questions #14 to #17 apply to common areas only.  |
|-------------------------------------|--------------------------|-------------------------------------|-------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | (12)  | Is the Property located in a designated Flood Hazard Zone?   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | (13)  | Is this Property covered by Flood Insurance?   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | (14)  | Is this Property located in a tsunami inundation area?   |
| <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | (15)  | Has there been any substantial damage to this Property due to earthquake, fire, floods, winds, landslides, tsunami, or violence activity within the last five years? |

**Number of Questions answered "YES" and Explain:**

See Comments

**C. FINANCIAL**

1. What do the Apartment maintenance fees include?

- ☒ Water & Sewer
- ☒ Hot Water
- ☒ Electricity
- ☒ Gas
- ☒ Air Conditioning
- ☒ Cable TV Signal
- ☐ Parking
- ☐ Recreation/Community Association Dues
- ☐ Lease Rent
- ☐ Real Property Tax
- ☒ Other: Local phone service and PBX Equipment, High speed internet

2. Other:

- ☐ There are master association dues. Check with listing broker

How frequently is a financial statement prepared? ☒ Monthly ☐ QuarterlySpecify: ☐ Cash Basis ☒ Accrual Basis**\*\*If answer is "Yes", using the SAME number below, describe in the space provided.\*\***

| Yes                                 | No                                  | NTMK                     |  |
|-------------------------------------|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | (16) Has the Association or Corporation Board of Directors approved a maintenance fee increase, special assessment, or loan? |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | (17) Are any special assessments or loans in effect at this time?  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | (18) Are any assessments required to be paid in full at the time of conveyance of ownership?                                 |

**Number of Questions answered "YES" and Explain:**

(16) In January 2016 maintenance fees will increase 6.91%

**D. PROPERTY CONDITION****\*\*If answer is "Yes", using the SAME number below, describe in the space provided.\*\***

Are there any major repairs required or planned within the next 12 months with respect to the following common elements/common areas of the Property?

| Yes                                 | NTMK                     |                       | Yes                                 | NTMK                     |                           |
|-------------------------------------|--------------------------|-----------------------|-------------------------------------|--------------------------|---------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (19) Exterior Walls   | <input type="checkbox"/>            | <input type="checkbox"/> | (27) Trash Chutes         |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (20) Plumbing         | <input type="checkbox"/>            | <input type="checkbox"/> | (28) Drainage             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (21) Foundations      | <input type="checkbox"/>            | <input type="checkbox"/> | (29) Sauna                |
| <input type="checkbox"/>            | <input type="checkbox"/> | (22) Wall(s)/Fences   | <input type="checkbox"/>            | <input type="checkbox"/> | (30) Barbecue Facilities  |
| <input type="checkbox"/>            | <input type="checkbox"/> | (23) Water Features   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | (31) Lanai Decks/Railings |
| <input type="checkbox"/>            | <input type="checkbox"/> | (24) Security Systems | <input type="checkbox"/>            | <input type="checkbox"/> | (32) Electrical Systems   |
| <input type="checkbox"/>            | <input type="checkbox"/> | (25) Elevators        | <input type="checkbox"/>            | <input type="checkbox"/> | (33) Walkways             |
| <input type="checkbox"/>            | <input type="checkbox"/> | (26) Slab(s)          |                                     |                          |                           |

Buyer's Initials &amp; Date

Seller's Initials &amp; Date

Property Address: 1850 Ala Moana Blvd Honolulu, HI. 96815

| Yes                                 | NTMK                     |                              |
|-------------------------------------|--------------------------|------------------------------|
| <input type="checkbox"/>            | <input type="checkbox"/> | (34) Swimming Pool           |
| <input type="checkbox"/>            | <input type="checkbox"/> | (35) Spas                    |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (36) Pool Deck/Railings      |
| <input type="checkbox"/>            | <input type="checkbox"/> | (37) Sewage Treatment Plant  |
| <input type="checkbox"/>            | <input type="checkbox"/> | (38) Driveways/Parking Areas |

| Yes                                 | NTMK                     |                          |
|-------------------------------------|--------------------------|--------------------------|
| <input type="checkbox"/>            | <input type="checkbox"/> | (39) Sprinkler System    |
| <input type="checkbox"/>            | <input type="checkbox"/> | (40) Tennis Court        |
| <input type="checkbox"/>            | <input type="checkbox"/> | (41) Rec. Room Equipment |
| <input type="checkbox"/>            | <input type="checkbox"/> | (42) Roofing             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (43) Paint               |
| <input type="checkbox"/>            | <input type="checkbox"/> | (44) Other: _____        |

| Yes                      | No                                  | NTMK                                |   |
|--------------------------|-------------------------------------|-------------------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | (45) Are lanai enclosures presently permitted by the Association or Corporation Board of Directors?   |
| <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | (46) Do you know, within the past year, of the presence of live infestation, wood boring insects/termites in the common elements/common areas of the Property?              |
| <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | (47) Do you know, within the past year, of leaks and/or water damage in the common elements/common areas of the Property?   |
| <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | (48) Are you aware, within the past year, of any structural problems in the common elements/common areas caused by water, settling, sliding, subsidence, filled land, etc.? |

**Number of Questions answered "YES" and Explain:**

See Comments

**E. DISCLAIMER**

While not guaranteed, the information contained in this Property Information Form is based on information reasonably available to the Managing Agent at the time this form was completed. It has been provided by the Managing Agent at Owner/Seller's request and is believed to be current and correct to the best of the Managing Agent's knowledge at the time this form was completed. All persons relying upon the information contained herein are advised that the information provided cannot be considered a substitute for a careful inspection of the Property and the Property's governing documents, meeting minutes, financial documents and other documentation; and that they should refer to qualified experts in the various professional fields, including but not limited to attorneys, Certified Public Accountants, architects, engineers, contractors and other appropriate professionals for detailed evaluation of areas where additional clarification or information is desired. The person or entity completing the form is doing so only as an accommodation to the parties and shall not be held liable for any errors or omissions whatsoever. The person or entity completing this form is not required to and has not completed any special investigation, and is only reporting facts already known to that person or entity or readily available. Specifically and without limitation, the person or entity completing the form has not reviewed any records except official records of meetings in the possession of that person or entity and only for the current and prior year. Where the answer to a question is not applicable, unknown or is otherwise unanswerable, it has been marked "NTMK". Where the Managing Agent has marked "NTMK" or "NO" in response to a question concerning property condition, it must be recognized that this does not mean there may not be a defect which an expert could discover or the passage of time would reveal. Likewise, a problem could be more serious than the Managing Agent, the Association, the Corporation or its Board of Directors knows. All such persons having access to this Property Information Form understand and acknowledge that this Property Information Form is not a warranty or guaranty of any kind by the Managing Agent, the Association or its Board of Directors.

Person completing this form



11-18-2015

Name: Patty Maher, Property Manager, for Palms at Waikiki

Title: General Manager

Company: Palms at Waikiki

Address: 1850 Ala Moana Blvd., Honolulu, HI 96815

Phone No. 808-952-8383

Fax No. 808-947-7002

Buyer's Initials & Date \_\_\_\_\_

Seller's Initials & Date \_\_\_\_\_

Property Address: : 1850 Ala Moana Blvd Honolulu, HI. 96815

## **ADDENDUM TO REQUEST FOR DOCUMENTS FORM RR105C AND PROPERTY INFORMATION FORM RR105C**

DATE OF FORMS: 11-18-2015

The above-identified forms are modified as stated herein. I/We understand and agree that:

- (i) the information requested is being provided as an accommodation only and that the Managing Agent and the Association and their respective officers, directors, employees and agents shall have no liability whatsoever for any errors or omissions with respect thereto;
- (ii) the Managing Agent and the Association are not required to make any special investigations as to any matters for which information is requested and shall report only facts already known or readily available to the Managing Agent; and
- (iii) the documents and information provided shall relate only to the community association for which information is requested and shall not include documents or information related to other community associations or master associations which may affect the property being sold.

I/We agree to indemnify and hold harmless the Association and the Managing Agent from All Costs for any Injury consequent upon or arising from:

- (i) the use or distribution of the documents or information provided by the Association or Managing Agent on Forms RR105B and/or RR105C, as amended;
- (ii) any allegation that said documents or information provided by the Association or Managing Agent adversely affected any real estate transaction or violated any law, statute, ordinance or regulation now or hereafter in force of the United States, the State of Hawaii or any city or county; and
- (iii) any allegation that the documents or information provided by the Association or Managing Agent caused damage to Me/Us or to any third party.

If any lawsuits, arbitration or other proceedings shall be brought against the Association or the Managing Agent for any of the foregoing reasons, I/We will defend the same and will pay whatever judgements which may be recovered against the Association or the Managing Agent. The obligation to defend shall include the obligation to pay all costs and expenses of the lawsuit, arbitration or proceeding and any appeal thereof, including attorneys, fees, incurred by the Association or the Managing Agent. As used herein:

All Costs shall include every and all cost, loss, damage, liability, expense, demand, penalty and fine whatsoever, which may arise from or be claimed against the Association or the managing Agent, by any person or entity.

Injury shall include all injuries to person or property, or damage of whatever kind or character suffered or sustained.

The acceptance of any of the documents or information as provided on form RR105B and/or RR105C and the use or distribution of those documents or information to any third party for any purpose whatsoever, including without limitation, compliance with Chapter 508D, Hawaii Revised Statutes, constitutes the agreement of the Seller (s) to all of the terms and provisions of this Addendum including without limitation the obligation to defend and indemnify the Association and the Managing Agent.

\_\_\_\_\_  
Buyers Initials & Date

\_\_\_\_\_  
Sellers Initials & Date

Property Address: 1850 Ala Moana Blvd Honolulu, HI. 96815

# Comments Addendum Form RR105c

## **A) General & Legal** (write comments, if any, below and refer to question number)

#19, 21, 31, 36 & 43 - Paint and spall repair of building, pool deck and lanai rails

#20 Annual Contingency Plumbing

#12 Grand Fathered Flood Zone B

#13-14 Flood Policy with Selective Insurance Co/National Flood Insurance Program

Policy number: FLD1298475

Coverage Period: 12/15/14-12/15/15

Coverage Amt.: \$44,488,000

## **B) Insurance** (write comments, if any, below and refer to question number)

---

Buyer's Initials & Date

Property Address: 1850 Ala Moana Blvd Honolulu, HI. 96815

---

Seller's Initials & Date

## Comments Addendum Form RR105c (continued)

**C) Financial** (write comments, if any, below and refer to question number)

**D) Property Condition** (write comments, if any, below and refer to question number)

#8 Aqua Hotels & resorts, LLC manages an on-site rental program for over 85% of the units.

#9 Developer has completed remediation work to remove or otherwise deal with asbestos at the project in accordance with the recommendations of their consultants. Certain toxic molds have previously been detected at the project and the seller has completed mold remediation which included replacement of all drywalls in apartments and portion of hallways.

#10 back of the house storage areas, locker rooms and lunch room facilities are leased on an annual basis to the rental program operator.

---

Buyer's Initials & Date

Property Address: 1850 Ala Moana Blvd Honolulu, HI. 96815

---

Seller's Initials & Date

**ASSOCIATION OF APARTMENT OWNERS OF PALMS AT WAIKIKI**  
**2014 ANNUAL MEETING MINUTES**  
**TUESDAY | FEBRUARY 18, 2014 | 5:00PM (HST)**  
**HAWAII PRINCE HOTEL WAIKIKI | 100 HOLOMOANA ST, HONOLULU, HAWAII 96815**

**A. CALL TO ORDER & ESTABLISH A QUORUM**

The meeting of the AOAO Palms at Waikiki homeowners was called to order by President Henry Perez at 5:00pm HST.

There being 59.2% of owners present in person or by proxy, a quorum was established.

**B. PROOF OF NOTICE OF MEETING**

Notice was mailed to owners of record on January 23, 2014.

**C. INTRODUCTION & ROLL CALL**

Board Directors Present: Henry Perez, President  
Robert Hoevel, Vice President  
Ernie Juan, Secretary  
Aron Oshio, Treasurer  
Virginia Grier, Director

Present by Invitation: Aqua Management  
Patty Maher, General Manager  
KeAlii Alexander, Director of Condominium Operations  
Andrew Vocos, Association Controller  
Laurie Sturges, Condominium Administration

Owners in attendance were asked to stand and introduce themselves.

**D. CONDUCT OF MEETING**

Special Meeting Rules were provided at registration. There being no objections the rules were adopted as permanent standing rules. Among other stipulations, the rules recognize the most recent edition of the Robert's Rules of Order, Newly Revised as the governing authority for the meeting.

**E. APPROVAL OF PREVIOUS MEETING MINUTES**

There being no objections, reading of the minutes for the Annual Meeting held on Thursday, March 14, 2013 was waived and thereby ***approved***.

**F. REPORT OF OFFICERS**

President Perez thanked the owners for attending today's annual meeting and reviewed some of the improvements accomplished in 2013. Among these are the completed installation of the wi-fi system; upgraded cable TV system to HD; installation of new fire alarm panel; installation of new hot water storage tanks; installation of hallway carpets; lobby refurbishment (currently underway); retrofit of current chiller (ongoing).



He also reviewed major projects to be completed in 2014 as indicated in our reserve study such as; finishing the lobby refurbishment project; continue retrofit of current chiller system; spall repairs and painting of the building's exterior and lanais; and sealing / repairs to garage parking structure.

Auditor's Report – President Perez stated that Terry S.C. Wong, CPA, Inc. has audited the books for the accounting year ending December 31, 2012, and a copy of the audit was provided at registration. There were no objections and the auditor's report was adopted.

**G. PROPERTY MANAGER'S REPORT**

Patty Maher presented a brief verbal report of the operations of the property.

**H. APPOINTMENT OF TELLERS**

None.

**I. ELECTION OF DIRECTORS**

Owners were informed that in accordance with Article III, Section 4 of our bylaws, there were three (3) director positions up for election. The terms of Henry Perez, Robert Hoevel and Virginia Grier have expired. Remaining on the Board are Ernie Juan and Aron Oshio for their remaining one year terms. The following nominations were submitted to the managing agent prior to the meeting:

Henry Perez  
Robert Hoevel  
Virginia Grier

Nominations were open to the floor. There being no further nominations, the nominations were closed.

**MOTION (1):** Bob Belmes (516) moved to waive the secret ballot process and elect Henry Perez, Robert Hoevel and Virginia Grier by acclamation, each to a two (2) year term.

The motion was approved by unanimous consent.

There will be a brief meeting of the new board to elect officers immediately following this meeting.

**J. NEW BUSINESS**

**a. TAX ROLLOVER RESOLUTION**

President Perez read the tax resolution:

"Resolved by the owners of the Palms at Waikiki Association of Apartment Owners, that if the amount by which member's assessments in 2014 exceed the total expenses of the Association for the purpose of managing, operating, maintaining and replacing the common elements of the Association, that amount shall be applied against the 2015 Operating Expenses."

Hearing no objections, the resolution was adopted as presented.

**K. ADJOURNMENT**

There being no further business before the Association, the meeting was adjourned at 5:27pm.

**OWNER'S FORUM**

None.

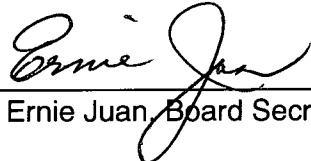
Respectfully submitted,



Kealii Alexander

Director of Condominium Operations for Aqua Hotels & Resorts, LLC

As Agent for AOAO Palms at Waikiki

Signed:   
Ernie Juan, Board Secretary

Date: Feb 27, 2015

~~~~~  
**MINUTES OF THE ORGANIZATIONAL MEETING OF THE  
ASSOCIATION OF APARTMENT OWNERS OF PALMS AT WAIKIKI  
FEBRUARY 18, 2014 – HAWAII PRINCE HOTEL**

1. **Election of Officers.** Following the annual meeting of the AOAO Palms at Waikiki, the new Board met to elect its officers for the 2014/2015 term. After a short discussion, the officers were nominated and appointed unanimously as follows:

President – Henry Perez

Vice President – Robert Hoevel


Treasurer – Aron Oshio

Secretary – Ernie Juan

Director – Virginia Grier

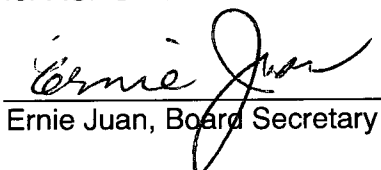
2. **Adjournment.** There being no further business to come before the Board at this time, the meeting was adjourned.

Respectfully submitted,



Kealii Alexander

As Agent for AOAO Palms at Waikiki

Signed:   
Ernie Juan, Board Secretary

Date: Feb 27, 2015

INDEPENDENT AUDITOR'S REPORT

THE ASSOCIATION OF APARTMENT OWNERS OF  
PALMS AT WAIKIKI

Year Ended December 31, 2014

**TERRY S.C. WONG, CPA, INC.**

1188 Bishop Street, Suite 808  
Honolulu, Hawaii 96813

Tel: (808) 521-1522

Fax: 1-888-928-3781

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
ASSOCIATION OF APARTMENT OWNERS OF PALMS AT WAIKIKI

Report on the Financial Statements

I have audited the accompanying financial statements of ASSOCIATION OF APARTMENT OWNERS OF PALMS AT WAIKIKI, which comprise the balance sheet as of December 31, 2014, and the related statements of revenues and expenses, changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ASSOCIATION OF APARTMENT OWNERS OF PALMS AT WAIKIKI as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standard Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Honolulu, Hawaii  
February 18, 2015

**ASSOCIATION OF APARTMENT OWNERS OF PALMS AT WAIKIKI**

**Balance Sheet**

**December 31, 2014**

**ASSETS**

|                            | <u>Operating<br/>Fund</u> | <u>Reserve<br/>Fund</u> | <u>Total</u>           |
|----------------------------|---------------------------|-------------------------|------------------------|
| <b>Current Assets</b>      |                           |                         |                        |
| Cash                       | \$122,211                 | \$811,577               | \$ 933,788             |
| Owners receivable          | 12,151                    | -                       | 12,151                 |
| Accounts receivable-other  | 4,122                     | -                       | 4,122                  |
| Due from Aqua Palms Hotel  | 1,702                     | -                       | 1,702                  |
| Prepaid expenses - general | 523                       | -                       | 523                    |
| Prepaid insurance          | 49,339                    | -                       | 49,339                 |
| Total current assets       | <u>190,048</u>            | <u>811,577</u>          | <u>1,001,625</u>       |
| <br>Total Assets           | <br><u>\$190,048</u>      | <br><u>\$811,577</u>    | <br><u>\$1,001,625</u> |

**LIABILITIES AND FUND BALANCES**

**Liabilities:**

|                                            |                      |                      |                        |
|--------------------------------------------|----------------------|----------------------|------------------------|
| Accounts payable and<br>accrued expenses   | \$144,656            | \$ -                 | \$ 144,656             |
| Advance owner payments                     | <u>15,523</u>        | <u>-</u>             | <u>15,523</u>          |
| <br>Total Liabilities                      | <br>160,179          | <br>-                | <br>160,179            |
| <br>Fund Balances                          | <br><u>29,869</u>    | <br><u>811,577</u>   | <br><u>841,446</u>     |
| <br>Total Liabilities and<br>Fund Balances | <br><u>\$190,048</u> | <br><u>\$811,577</u> | <br><u>\$1,001,625</u> |

See accompanying notes to financial statements.

ASSOCIATION OF APARTMENT OWNERS OF PALMS AT WAIKIKI  
Statement of Revenues and Expenses, and  
Changes in Fund Balance  
Year Ended December 31, 2014

|                                  | Operating<br>Fund | Reserve<br>Fund  | Total             |
|----------------------------------|-------------------|------------------|-------------------|
| Revenues:                        |                   |                  |                   |
| Maintenance fees                 | \$1,328,114       | \$264,138        | \$1,592,252       |
| Laundry income                   | 25,348            | -                | 25,348            |
| Rental income                    | 19,230            | -                | 19,230            |
| Soda vending & wifi income       | 8,870             | -                | 8,870             |
| Interest income                  | 153               | 2,492            | 2,645             |
| Late fees & other                | 1,487             | -                | 1,487             |
| Telephone income                 | 1,384             | -                | 1,384             |
| Total revenues                   | <u>1,384,586</u>  | <u>266,630</u>   | <u>1,651,216</u>  |
| Expenses:                        |                   |                  |                   |
| Utilities:                       |                   |                  |                   |
| Electricity                      | 431,109           | -                | 431,109           |
| Water and sewer                  | 147,533           | -                | 147,533           |
| Gas                              | 59,809            | -                | 59,809            |
| Tv cable                         | 51,735            | -                | 51,735            |
| Telephone and internet           | 30,405            | -                | 30,405            |
| Utilities reimbursement          | (14,310)          | -                | (14,310)          |
| Administrative and professional: |                   |                  |                   |
| Management fees                  | 69,864            | -                | 69,864            |
| Administrative salary            | 63,192            | -                | 63,192            |
| Legal fees                       | 3,847             | -                | 3,847             |
| Admin supplies & services        | 3,020             | -                | 3,020             |
| Audit fee                        | 2,000             | -                | 2,000             |
| Reserve study                    | 810               | -                | 810               |
| Repairs and maintenance:         |                   |                  |                   |
| A/C maintenance/chiller          | 7,986             | 289,365          | 297,351           |
| Maintenance handyman salary      | 167,573           | -                | 167,573           |
| Janitorial/utility salary        | 128,820           | -                | 128,820           |
| Lobby flooring                   | -                 | 80,100           | 80,100            |
| Misc. repairs & purchases        | 61,222            | 3,639            | 64,861            |
| Security services                | 64,765            | -                | 64,765            |
| Waste removal                    | 22,990            | -                | 22,990            |
| Elevator                         | 15,511            | -                | 15,511            |
| Lobby furniture                  | -                 | 10,798           | 10,798            |
| Life/safety                      | 8,982             | -                | 8,982             |
| Pest control                     | 6,281             | -                | 6,281             |
| Laundry expense                  | 5,226             | -                | 5,226             |
| Ice machines                     | -                 | 5,131            | 5,131             |
| Plumbing                         | -                 | 4,842            | 4,842             |
| Pool maintenance & supplies      | 3,516             | -                | 3,516             |
| Other:                           |                   |                  |                   |
| Insurance                        | 110,035           | -                | 110,035           |
| General excise tax               | 2,645             | -                | 2,645             |
| Condo registration fee           | 310               | -                | 310               |
| Total expenses                   | <u>1,454,876</u>  | <u>393,875</u>   | <u>1,848,751</u>  |
| Excess of expenses over revenue  | (70,290)          | (127,245)        | (197,535)         |
| Inter-fund transfer              | (77,537)          | 77,537           | -                 |
| Prior period adjustments         | (3,592)           |                  | (3,592)           |
| Beginning fund balance           | <u>181,288</u>    | <u>861,285</u>   | <u>1,042,573</u>  |
| Ending fund balance              | <u>\$ 29,869</u>  | <u>\$811,577</u> | <u>\$ 841,446</u> |

See accompanying notes to financial statements.

ASSOCIATION OF APARTMENT OWNERS OF PALMS AT WAIKIKI

Statement of Cash Flows

Year Ended December 31, 2014

|                                                                                                                           | Operating<br>Fund | Reserve<br>Fund | Total        |
|---------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------|--------------|
| Cash flows from operating activities:                                                                                     |                   |                 |              |
| Excess of expenses over revenue                                                                                           | \$ (70,290)       | \$ (127,245)    | \$ (197,535) |
| Adjustments to reconcile excess<br>of revenue over expenses<br>to net cash provided by (used in)<br>operating activities: |                   |                 |              |
| (Increase) decrease in current assets:                                                                                    |                   |                 |              |
| Owners receivable                                                                                                         | 11,568            | -               | 11,568       |
| Accounts receivable-other                                                                                                 | 24,872            | -               | 24,872       |
| Due from Aqua Palms Hotel                                                                                                 | 81                | -               | 81           |
| Due from Aqua Hotels & Resort                                                                                             | 120               | -               | 120          |
| Prepaid expenses - general                                                                                                | 648               | -               | 648          |
| Prepaid insurance                                                                                                         | (1,997)           | -               | (1,997)      |
| Increase (decrease) in current liabilities:                                                                               |                   |                 |              |
| Accounts payable/accrued expenses                                                                                         | 52,019            | -               | 52,019       |
| Advance owner payments                                                                                                    | 183               | -               | 183          |
| Total adjustments                                                                                                         | 87,494            | -               | 87,494       |
| Cash provided by (used in)<br>operating activities                                                                        | 17,204            | (127,245)       | (110,041)    |
| Prior period adjustments                                                                                                  | (3,592)           | -               | (3,592)      |
| Net increase (decrease) in cash                                                                                           | 13,612            | (127,245)       | (113,633)    |
| Inter-fund transfer                                                                                                       | (77,537)          | 77,537          | -            |
| Cash - beginning of year                                                                                                  | 186,136           | 861,285         | 1,047,421    |
| Cash - end of year                                                                                                        | \$122,211         | \$811,577       | \$ 933,788   |

See accompanying notes to financial statements.

ASSOCIATION OF APARTMENT OWNERS OF PALMS AT WAIKIKI  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE A - NATURE OF ASSOCIATION

The Association of Apartment Owners of PALMS AT WAIKIKI ("the Association") is formed to provide for the management, maintenance and care of the common areas. The Association was formed as required by the Hawaii Revised Statutes and the Declaration of Condominium Property Regime filed with the State of Hawaii. The project consists of 262 Hotel Apartments and 6 Commercial Apartments.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The financial statements are presented on an accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when obligations are incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Accounting

The accounts of the Association are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose.

Operating Fund - The Operating Fund accounts for excess funds accumulated from operations. The Association may return this money to its members, apply it to subsequent year's operating budgets, or fund future major repairs and replacements.

Reserve Fund - The Reserve Fund accounts for funds accumulated and spent on future major repairs and replacements.

Income Taxes

Under current tax law, a condominium association may annually elect to file its income tax returns as a homeowners association or as a corporation. The Association intends to elect the filing option that is most beneficial to file.

NOTE C - DATE OF MANAGEMENT REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 18, 2015, the date that the financial statements were available to be issued.



ASSOCIATION OF APARTMENT OWNERS OF PALMS AT WAIKIKI  
NOTES TO FINANCIAL STATEMENTS (Continued)  
December 31, 2014

NOTE D - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Hawaii Condominium Property Regime Act requires condominium associations to prepare a study of future major repairs and replacements and to fund the estimated replacement reserves. The Association's accumulated reserve fund, which aggregates \$811,577 at December 31, 2014, is held in a separate account and is generally not available for operating purposes.

The Association engaged Barrera and Company to conduct a study in 2014 to estimate the remaining useful lives and the replacement costs of the common property components. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously designated for future repairs and replacements. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts designated for future repairs and replacements may or may not be adequate to meet future needs.

ASSOCIATION OF APARTMENT OWNERS OF PALMS AT WAIKIKI

SUPPLEMENTAL INFORMATION ON FUTURE MAJOR  
REPAIRS AND REPLACEMENTS  
(UNAUDITED)

December 31, 2014

The following summary is based on the study conducted by Barrera and Company in 2014.

| Component                               | Estimated<br>Remaining<br>Life | Current<br>Replacement<br>Cost |
|-----------------------------------------|--------------------------------|--------------------------------|
| Garage - concrete coating               | 0                              | \$ 6,560                       |
| Garage - patch/repairs                  | 0                              | 5,625                          |
| Garage - seal & repair                  | 0                              | 14,892                         |
| Carpeting - Hallways                    | 9                              | 92,250                         |
| Doors - lobby entry operator            | 0                              | 5,125                          |
| Doors - locks                           | 1                              | 80,500                         |
| Drop ceiling - Hallways                 | 14                             | 36,050                         |
| Fitness equip. - Bioforce machine       | 5                              | 3,075                          |
| Fitness - flooring                      | 11                             | 350                            |
| Fitness equip. - step machine           | 3                              | 4,100                          |
| Glass assemblies (by elevators)         | 11                             | 30,750                         |
| Ice machines   (1)                      | 11                             | 5,150                          |
| Ice machines    (4)                     | 6                              | 24,600                         |
| Lobby - refurbish                       | 5                              | 46,150                         |
| Lobby - tile Surfaces                   | 24                             | 39,950                         |
| RR- refurbish (fitness)                 | 4                              | 2,050                          |
| RR - refurbish (lobby)                  | 4                              | 20,500                         |
| Washers/dryers - guests                 | 2                              | 8,200                          |
| Elevators - refurbish cabs              | 6                              | 49,200                         |
| Elevators - upgrade systems             | 24                             | 615,000                        |
| Entry cover (RAB) fixtures              | 12                             | 3,328                          |
| Garage fixtures - ceiling (no cover)    | 2                              | 3,280                          |
| Garage fixtures - ceiling/wall          | 5                              | 21,525                         |
| Garage fixtures - exit                  | 7                              | 2,513                          |
| Garage fixtures - wall (sq)             | 2                              | 2,768                          |
| Hallway fixtures (PH floor)             | 9                              | 2,197                          |
| Hallway fixtures (recessed) - allowance | 7                              | 3,757                          |
| Air handler - Mezzanine/lobby           | 9                              | 80,000                         |
| Air handler - roof/hallway              | 14                             | 16,900                         |
| Back flow preventer (4")                | 0                              | 8,200                          |
| Boilers (HW)                            | 18                             | 61,500                         |
| Booster pump system (HW)'05             | 2                              | 17,700                         |
| Chiller #2 - 120 ton (A)                | 13                             | 65,500                         |
| Chiller #2 - 120 ton (B)                | 14                             | 164,000                        |
| Chiller #2 - 120 ton ©                  | 14                             | 117,850                        |
| Chiller #3 (hallway)                    | 9                              | 55,250                         |
| Dom. water pump #1                      | 13                             | 5,625                          |
| Dom. Water pump #2                      | 2                              | 5,625                          |
| Emergency generator (120KVA)            | 3                              | 87,200                         |
| Fire booster pump (P2)- 1.5hp           | 3                              | 2,050                          |
| Fire booster pump (P2) - 40hp           | 16                             | 28,200                         |
| Risers - chill water                    | 14                             | 794,000                        |
| Rooftop exhaust fans - large            | 16                             | 20,500                         |

(Continued)

ASSOCIATION OF APARTMENT OWNERS OF PALMS AT WAIKIKI

SUPPLEMENTAL INFORMATION ON FUTURE MAJOR  
REPAIRS AND REPLACEMENTS (Continued)  
(UNAUDITED)

December 31, 2014

| Component                             | Estimated<br>Remaining<br>Life | Current<br>Replacement<br>Cost |
|---------------------------------------|--------------------------------|--------------------------------|
| Rooftop exhaust fans - medium         | 16                             | 6,150                          |
| Storage tank (2/3) to 5 tanks         | 11                             | 35,300                         |
| Transfer switch                       | 5                              | 24,100                         |
| PBX system                            | 9                              | 59,400                         |
| Plumbing repairs - annual contingency | 0                              | 7,675                          |
| Exterior surfaces - paint             | 0                              | 432,500                        |
| Interior surfaces - paint             | 2                              | 15,900                         |
| Spalling repairs - contingency        | 3                              | 6,250                          |
| Spalling repairs - contingency        | 0                              | 70,500                         |
| Pool - ADA chair lift                 | 12                             | 5,950                          |
| Pool - deck coating                   | 0                              | 3,075                          |
| Pool - filter                         | 8                              | 2,200                          |
| Pool - furnishings                    | 1                              | 10,750                         |
| Pool - resurface (tile/coping)        | 13                             | 16,400                         |
| Pool - safety vacuum                  | 4                              | 3,275                          |
| Lanai rails - annual contingency      | 0                              | 5,125                          |
| Pool railings (4")                    | 14                             | 7,735                          |
| Vehicle entry gates (roll up)         | 14                             | 17,400                         |
| Vehicle gate - operator #1            | 1                              | 4,100                          |
| Vehicle gate - operator #2            | 2                              | 4,100                          |
| Roofing (rubberized)                  | 8                              | 266,500                        |
| Fire alarm control system             | 19                             | 28,200                         |
| Fire door assemblies                  | 4                              | 4,775                          |
| Security - cameras                    | 0                              | 5,725                          |
| Security - cameras/monitors           | 5                              | 5,225                          |
| Security - entry system               | 11                             | 6,150                          |
| Total                                 |                                | <u>\$3,714,004</u>             |

**AOAO PALMS AT WAIKIKI  
BOARD OF DIRECTORS  
REGULAR MEETING MINUTES  
APRIL 23, 2015 - 3:00 P.M. (HST)  
PALMS AT WAIKIKI – MEZZANINE CONFERENCE ROOM**

**I. CALL TO ORDER**

The meeting was called to order at 3:30 p.m.

**II. ESTABLISH A QUORUM**

A quorum was established.

Board Members Present: Henry Perez, Ernie Juan, Bob Belmes (in person) and Ginny Grier (via teleconference)

Board Members Absent: Bob Hoevel

Owners Present: Mike Tave

By Invitation: AOO Manager (Aqua Hotels& Resorts, LLC):  
Patty Maher, General Manager  
Jimmy Recolan, Chief Engineer  
Renette Carpio, Director of Owner Services

**III. APPROVE MINUTES OF LAST MEETING**

**MOTION (1):** Ernie Juan moved to approve the minutes of the February 26, 2015 regular board meeting as submitted; seconded by Henry Perez.

The motion was approved by majority consent; Bob Belmes and Ginny Grier abstained.

**IV. TREASURER'S REPORT**

a) February and March 2015 Financial Reports – Patty Maher reviewed the financial summary for February and March, including revenues and expenses, and any variances, including a positive variance for electricity.

**V. SITE MANAGER'S REPORT**

Patty Maher provided an update of the property's operations; a copy of this written site manager's report will be kept on file with the managing agent. She advised the Board of elevator #3 condition and presented proposals for consideration.

**MOTION (2):** Ernie Juan moved to approve the Kone proposal to replace the entrance frame of elevator #3 for \$18,888 and Kawika's concrete repair proposal of \$6,800, as submitted; seconded by Ginny Grier.

The motion was approved by unanimous consent.

**VI. COMMITTEE REPORTS**

a) House Rules Committee Update

Patty provided an update on the first revision of the House Rules document and asked the Board for comments.

**VII. UNFINISHED BUSINESS**

a) Request for Approval – Painting and spall repairs.

**VIII. NEW BUSINESS**

a) Consent Calendar -

None.

b) Request for Approval – Mezzanine renovation

**MOTION (3):** Ernie Juan moved to approve the renovation proposal of the Mezzanine offices as submitted; seconded by Ginny Grier.

The motion was approved by unanimous consent.

c) Request for Approval – Painting and spall repairs

**MOTION (4):** Bob Belmes moved to approve Kawika's proposal contingent upon its provisions be included on an AIA contract form and reviewed by the Association's counsel; seconded by Ernie Juan.

The motion was approved by unanimous consent.

d) Request for Approval – Concrete repairs to elevator door (2<sup>nd</sup> floor, P3)

Discussed and approved under Site Manager's Report discussion.

**IX. EXECUTIVE SESSION**

None.

**X. ADJOURNMENT**

The meeting adjourned at 4:08pm.

**XI. OWNER'S FORUM**

None.

Respectfully submitted,

  
Renette Carpio

Director of Owner Services for Aqua Hotels & Resorts, LLC  
As Agent for AOAO Palms at Waikiki

Signed: 

Bob Belmes, Board Secretary

Date: 7-16-15

Henry Perez for

**AOAO PALMS AT WAIKIKI  
BOARD OF DIRECTORS  
REGULAR MEETING MINUTES  
FEBRUARY 26, 2015 - 3:30 P.M. (HST)  
HAWAII PRINCE HOTEL WAIKIKI, CAPTAIN'S MEETING ROOM**

**I. CALL TO ORDER**

The meeting was called to order at 3:31 p.m.

**II. ESTABLISH A QUORUM**

A quorum was established.

Board Members Present: Henry Perez, Bob Hoevel, and Ernie Juan (in person)

Board Members Absent: Aron Oshio, Virginia Grier

Owners Present: Marie Keir, Fred Hawryliw

By Invitation: AOA Manager (Aqua Hotels& Resorts, LLC):  
Patty Maher, General Manager  
Jimmy Recolan, Chief Engineer  
Renette Carpio, Sr Owner Relations Manager

**III. APPROVE MINUTES OF LAST MEETING**

**MOTION (1):** Ernie Juan moved to approve the minutes of the December 4, 2014 regular board meeting as submitted; seconded by Henry Perez.

The motion was approved by majority consent; Bob Hoevel abstained.

**IV. TREASURER'S REPORT**

- a) November/December 2014 and January 2015 Financial Reports – Patty Maher reviewed the financial summary for November 2014, December 2014 and January 2015, including revenues and expenses, explaining any major variances.

**V. SITE MANAGER'S REPORT**

Patty Maher provided an update of the property's operations; a copy of this written site manager's report will be kept on file with the managing agent.

**VI. COMMITTEE REPORTS**

- a) House Rules Committee Update

The committee will meet to begin the preliminary review process.

**VII. UNFINISHED BUSINESS**

- a) None.

**VIII. NEW BUSINESS**

a) Consent Calendar -

1. Ratify email approval of 12/19/14 – Hawaii Energy chiller plant incentive application

**MOTION (2):** Ernie Juan moved to ratify the consent calendar as submitted; seconded by Henry Perez.

The motion was approved by unanimous consent.

**IX. EXECUTIVE SESSION**

None.

**X. ADJOURNMENT**

The meeting adjourned at 3:59pm.

**XI. OWNER'S FORUM**

Marie Keir and Fred Hawryliw addressed the Board with various concerns.

Respectfully submitted,



Renette Carpio

Sr Owner Relations Manager for Aqua Hotels & Resorts, LLC

As Agent for AOAO Palms at Waikiki

Signed: \_\_\_\_\_

Ernie Juan, Board Secretary

Date: \_\_\_\_\_

4/23/15

**AOAO PALMS AT WAIKIKI  
BOARD OF DIRECTORS  
REGULAR MEETING MINUTES  
DECEMBER 4, 2014 - 3:00 P.M. (HST)  
MEZZANINE CONFERENCE ROOM**

**I. CALL TO ORDER**

The meeting was called to order at 3:00 p.m.

**II. ESTABLISH A QUORUM**

A quorum was established.

Board Members Present: Henry Perez, Aron Oshio, Ernie Juan (in person) and Ginny Grier (via teleconference)

Board Members Absent: Bob Hoevel

Owners Present: Noel Kelley, Miae Min

By Invitation: AOA Manager (Aqua Hotels& Resorts, LLC):  
Patty Maher, General Manager  
Jimmy Recolan, Chief Engineer  
KeAlii Alexander, Director of Condominium Operations  
Blair Cole, Kone Inc.

**III. APPROVE MINUTES OF LAST MEETING**

**MOTION (1):** Aron Oshio moved to approve the minutes of the October 16, 2014 regular board meeting as submitted; seconded by Ernie Juan.

The motion was approved by unanimous consent.

**IV. ELEVATOR SPALL REPAIRS**

The Board allowed Blair Cole from Kone, Inc. to discuss and address questions regarding the proposed repair work to P2 & P3 of the parking garage.

**MOTION (2):** Aron Oshiro moved to approve the proposal by Kone, Inc. dated 11/19/14 to repair the sill in Elevator #3 for \$30,898.

The motion was approved by unanimous consent.

**V. TREASURER'S REPORT**

a) September/October 2014 Financial Reports – Patty Maher reviewed the financial summary including revenues and expenses, explaining any major variances.

The Board discussed the high variance in electricity costs for both October & November.

**ACTION ITEM (1):** The Board asked Aqua to provide the electricity bills for October & November to the Board.



b) 2014 Auditor Selection

**MOTION (3):** Aron Oshio moved to approve Terry Wong to perform the 2014 audit; seconded by Ernie Juan.

The motion was approved by unanimous consent.

**VI. SITE MANAGER'S REPORT**

Patty Maher provided an update of the property's operations; a copy of this written site manager's report will be kept on file with the managing agent.

**ACTION ITEM (2):** In discussing the potential impending painting and spall project, the Board directed Aqua to ask for a cost to prepare a "boiler" service agreement template proposal from Attorney Milton Motooka to be used for all future service agreements.

**VII. COMMITTEE REPORTS**

a) House Rules Committee Update

No update.

**VIII. UNFINISHED BUSINESS**

a) None.

**VIII. NEW BUSINESS**

a) Consent Calendar

None.

b) 2015 Management Plan

**MOTION (4):** Ernie Juan moved to adopt the 2015 Management Plan as presented; seconded by Aron Oshiro.

The motion was approved by unanimous consent.

c) 2015 Insurance

**MOTION (5):** Aron Oshio moved to approve the 2015 Insurance renewal as presented; seconded by Ernie Juan.

The motion was approved by unanimous consent.

d) Request for Approval – Water Treatment for Cooling Tower

**MOTION (6):** Aron Oshio moved to approve the proposal by Water Treatment Solutions to provide water treatment for the cooling towers at a cost of \$476.55/month; seconded by Ernie Juan.

The motion was approved by unanimous consent.

e) Request for Approval – Repair Elevator #2

**MOTION (7):** Aron Oshio moved to approve the proposal by Kone, Inc. dated 12/04/14 to repair passenger elevator #2 for \$3,148; seconded by Ernie Juan.

The motion was approved by unanimous consent.

**IX. EXECUTIVE SESSION**

None.

**X. ADJOURNMENT**

The meeting adjourned at 4:21pm.

**XI. OWNER'S FORUM**

Noel Kelley addressed the Board with comments.

Respectfully submitted,



Renette Carpio  
Sr Owner Relations Manager for Aqua Hotels & Resorts, LLC  
As Agent for AOAO Palms at Waikiki

Signed: \_\_\_\_\_

Ernie Juan, Board Secretary

Date: \_\_\_\_\_

26 Feb 2015

# AOAO Palms at Waikiki

## 2015 Owners Maintenance Fee Schedule

| Number | Ratio       | Adjusted                 |                          | % Variance |      |
|--------|-------------|--------------------------|--------------------------|------------|------|
|        |             | 2015 Monthly Maint. Fees | 2014 Monthly Maint. Fees |            |      |
| 103    | 0.001528730 | 218                      | 211                      | 3.07%      | 0103 |
| 104    | 0.001056620 | 151                      | 146                      | 3.07%      | 0104 |
| 105    | 0.001528730 | 218                      | 211                      | 3.07%      | 0105 |
| 202    | 0.004046630 | 577                      | 560                      | 3.07%      | 0202 |
| 205    | 0.008913820 | 1,271                    | 1,233                    | 3.07%      | 0205 |
| 206    | 0.006182350 | 881                      | 855                      | 3.07%      | 0206 |
| 207    | 0.003046210 | 434                      | 421                      | 3.07%      | 0207 |
| 209    | 0.002821400 | 402                      | 390                      | 3.07%      | 0209 |
| 210    | 0.003630720 | 518                      | 502                      | 3.07%      | 0210 |
| 211    | 0.003057450 | 436                      | 423                      | 3.07%      | 0211 |
| 212    | 0.003619480 | 516                      | 501                      | 3.07%      | 0212 |
| 214    | 0.003271020 | 466                      | 452                      | 3.07%      | 0214 |
| 215    | 0.003057450 | 436                      | 423                      | 3.07%      | 0215 |
| 216    | 0.003608240 | 514                      | 499                      | 3.07%      | 0216 |
| 217    | 0.002821400 | 402                      | 390                      | 3.07%      | 0217 |
| 218    | 0.003507080 | 500                      | 485                      | 3.07%      | 0218 |
| 219    | 0.003046210 | 434                      | 421                      | 3.07%      | 0219 |
| 220    | 0.003271020 | 466                      | 452                      | 3.07%      | 0220 |
| 221    | 0.003046210 | 434                      | 421                      | 3.07%      | 0221 |
| 222    | 0.003540800 | 505                      | 490                      | 3.07%      | 0222 |
| 223    | 0.002821400 | 402                      | 390                      | 3.07%      | 0223 |
| 224    | 0.003529560 | 503                      | 488                      | 3.07%      | 0224 |
| 225    | 0.003046210 | 434                      | 421                      | 3.07%      | 0225 |
| 227    | 0.006137380 | 875                      | 849                      | 3.07%      | 0227 |
| 301    | 0.003349710 | 477                      | 463                      | 3.07%      | 0301 |
| 302    | 0.004035390 | 575                      | 558                      | 3.07%      | 0302 |
| 303    | 0.002540380 | 362                      | 351                      | 3.07%      | 0303 |
| 304    | 0.003473350 | 495                      | 480                      | 3.07%      | 0304 |
| 305    | 0.002765190 | 394                      | 382                      | 3.07%      | 0305 |
| 306    | 0.002742710 | 391                      | 379                      | 3.07%      | 0306 |
| 307    | 0.003046210 | 434                      | 421                      | 3.07%      | 0307 |
| 308    | 0.003203580 | 457                      | 443                      | 3.07%      | 0308 |
| 309    | 0.002821400 | 402                      | 390                      | 3.07%      | 0309 |
| 310    | 0.003630720 | 518                      | 502                      | 3.07%      | 0310 |
| 311    | 0.003057450 | 436                      | 423                      | 3.07%      | 0311 |
| 312    | 0.003619480 | 516                      | 501                      | 3.07%      | 0312 |
| 314    | 0.003271020 | 466                      | 452                      | 3.07%      | 0314 |
| 315    | 0.003057450 | 436                      | 423                      | 3.07%      | 0315 |
| 316    | 0.003608240 | 514                      | 499                      | 3.07%      | 0316 |
| 317    | 0.002821400 | 402                      | 390                      | 3.07%      | 0317 |
| 318    | 0.003507080 | 500                      | 485                      | 3.07%      | 0318 |
| 319    | 0.003046210 | 434                      | 421                      | 3.07%      | 0319 |
| 320    | 0.003271020 | 466                      | 452                      | 3.07%      | 0320 |
| 321    | 0.003046210 | 434                      | 421                      | 3.07%      | 0321 |
| 322    | 0.003540800 | 505                      | 490                      | 3.07%      | 0322 |
| 323    | 0.002821400 | 402                      | 390                      | 3.07%      | 0323 |
| 324    | 0.003529560 | 503                      | 488                      | 3.07%      | 0324 |
| 325    | 0.003046210 | 434                      | 421                      | 3.07%      | 0325 |
| 327    | 0.003046210 | 434                      | 421                      | 3.07%      | 0327 |
| 329    | 0.002978770 | 425                      | 412                      | 3.07%      | 0329 |
| 401    | 0.003349710 | 477                      | 463                      | 3.07%      | 0401 |
| 402    | 0.004035390 | 575                      | 558                      | 3.07%      | 0402 |
| 403    | 0.002540380 | 362                      | 351                      | 3.07%      | 0403 |
| 404    | 0.003473350 | 495                      | 480                      | 3.07%      | 0404 |
| 405    | 0.002765190 | 394                      | 382                      | 3.07%      | 0405 |
| 406    | 0.002742710 | 391                      | 379                      | 3.07%      | 0406 |
| 407    | 0.003046210 | 434                      | 421                      | 3.07%      | 0407 |
| 408    | 0.003203580 | 457                      | 443                      | 3.07%      | 0408 |
| 409    | 0.002821400 | 402                      | 390                      | 3.07%      | 0409 |
| 410    | 0.003630720 | 518                      | 502                      | 3.07%      | 0410 |
| 411    | 0.003057450 | 436                      | 423                      | 3.07%      | 0411 |
| 412    | 0.003619480 | 516                      | 501                      | 3.07%      | 0412 |
| 414    | 0.003271020 | 466                      | 452                      | 3.07%      | 0414 |
| 415    | 0.003057450 | 436                      | 423                      | 3.07%      | 0415 |
| 416    | 0.003608240 | 514                      | 499                      | 3.07%      | 0416 |
| 417    | 0.002821400 | 402                      | 390                      | 3.07%      | 0417 |
| 418    | 0.003507080 | 500                      | 485                      | 3.07%      | 0418 |

|     |             |     |     |       |      |
|-----|-------------|-----|-----|-------|------|
| 419 | 0.003046210 | 434 | 421 | 3.07% | 0419 |
| 420 | 0.003271020 | 466 | 452 | 3.07% | 0420 |
| 421 | 0.003046210 | 434 | 421 | 3.07% | 0421 |
| 422 | 0.003540800 | 505 | 490 | 3.07% | 0422 |
| 423 | 0.002821400 | 402 | 390 | 3.07% | 0423 |
| 424 | 0.003529560 | 503 | 488 | 3.07% | 0424 |
| 425 | 0.003046210 | 434 | 421 | 3.07% | 0425 |
| 427 | 0.003046210 | 434 | 421 | 3.07% | 0427 |
| 429 | 0.002978770 | 425 | 412 | 3.07% | 0429 |
| 501 | 0.003349710 | 477 | 463 | 3.07% | 0501 |
| 502 | 0.004035390 | 575 | 558 | 3.07% | 0502 |
| 503 | 0.002540380 | 362 | 351 | 3.07% | 0503 |
| 504 | 0.003473350 | 495 | 480 | 3.07% | 0504 |
| 505 | 0.002765190 | 394 | 382 | 3.07% | 0505 |
| 506 | 0.006182350 | 881 | 855 | 3.07% | 0506 |
| 507 | 0.003046210 | 434 | 421 | 3.07% | 0507 |
| 509 | 0.002821400 | 402 | 390 | 3.07% | 0509 |
| 510 | 0.003630720 | 518 | 502 | 3.07% | 0510 |
| 511 | 0.003057450 | 436 | 423 | 3.07% | 0511 |
| 512 | 0.003619480 | 516 | 501 | 3.07% | 0512 |
| 514 | 0.003271020 | 466 | 452 | 3.07% | 0514 |
| 515 | 0.003057450 | 436 | 423 | 3.07% | 0515 |
| 516 | 0.003608240 | 514 | 499 | 3.07% | 0516 |
| 517 | 0.002821400 | 402 | 390 | 3.07% | 0517 |
| 518 | 0.003507080 | 500 | 485 | 3.07% | 0518 |
| 519 | 0.003046210 | 434 | 421 | 3.07% | 0519 |
| 520 | 0.003271020 | 466 | 452 | 3.07% | 0520 |
| 521 | 0.003046210 | 434 | 421 | 3.07% | 0521 |
| 522 | 0.003540800 | 505 | 490 | 3.07% | 0522 |
| 523 | 0.002821400 | 402 | 390 | 3.07% | 0523 |
| 524 | 0.003529560 | 503 | 488 | 3.07% | 0524 |
| 525 | 0.003046210 | 434 | 421 | 3.07% | 0525 |
| 527 | 0.003046210 | 434 | 421 | 3.07% | 0527 |
| 529 | 0.002978770 | 425 | 412 | 3.07% | 0529 |
| 601 | 0.003349710 | 477 | 463 | 3.07% | 0601 |
| 602 | 0.004035390 | 575 | 558 | 3.07% | 0602 |
| 603 | 0.002540380 | 362 | 351 | 3.07% | 0603 |
| 604 | 0.003473350 | 495 | 480 | 3.07% | 0604 |
| 605 | 0.002765190 | 394 | 382 | 3.07% | 0605 |
| 606 | 0.006182350 | 881 | 855 | 3.07% | 0606 |
| 607 | 0.003046210 | 434 | 421 | 3.07% | 0607 |
| 609 | 0.002821400 | 402 | 390 | 3.07% | 0609 |
| 610 | 0.003630720 | 518 | 502 | 3.07% | 0610 |
| 611 | 0.003057450 | 436 | 423 | 3.07% | 0611 |
| 612 | 0.003619480 | 516 | 501 | 3.07% | 0612 |
| 614 | 0.003271020 | 466 | 452 | 3.07% | 0614 |
| 615 | 0.003057450 | 436 | 423 | 3.07% | 0615 |
| 616 | 0.003608240 | 514 | 499 | 3.07% | 0616 |
| 617 | 0.002821400 | 402 | 390 | 3.07% | 0617 |
| 618 | 0.003507080 | 500 | 485 | 3.07% | 0618 |
| 619 | 0.003046210 | 434 | 421 | 3.07% | 0619 |
| 620 | 0.003271020 | 466 | 452 | 3.07% | 0620 |
| 621 | 0.003046210 | 434 | 421 | 3.07% | 0621 |
| 622 | 0.003540800 | 505 | 490 | 3.07% | 0622 |
| 623 | 0.002821400 | 402 | 390 | 3.07% | 0623 |
| 624 | 0.003529560 | 503 | 488 | 3.07% | 0624 |
| 625 | 0.003046210 | 434 | 421 | 3.07% | 0625 |
| 627 | 0.003046210 | 434 | 421 | 3.07% | 0627 |
| 629 | 0.002978770 | 425 | 412 | 3.07% | 0629 |
| 701 | 0.003349710 | 477 | 463 | 3.07% | 0701 |
| 702 | 0.004046630 | 577 | 560 | 3.07% | 0702 |
| 703 | 0.002540380 | 362 | 351 | 3.07% | 0703 |
| 704 | 0.003473350 | 495 | 480 | 3.07% | 0704 |
| 705 | 0.002765190 | 394 | 382 | 3.07% | 0705 |
| 706 | 0.002742710 | 391 | 379 | 3.07% | 0706 |
| 707 | 0.003046210 | 434 | 421 | 3.07% | 0707 |
| 708 | 0.003203580 | 457 | 443 | 3.07% | 0708 |
| 709 | 0.002821400 | 402 | 390 | 3.07% | 0709 |
| 710 | 0.003630720 | 518 | 502 | 3.07% | 0710 |
| 711 | 0.003057450 | 436 | 423 | 3.07% | 0711 |
| 712 | 0.003619480 | 516 | 501 | 3.07% | 0712 |
| 714 | 0.003271020 | 466 | 452 | 3.07% | 0714 |
| 715 | 0.003057450 | 436 | 423 | 3.07% | 0715 |

|      |             |     |     |       |      |
|------|-------------|-----|-----|-------|------|
| 716  | 0.003608240 | 514 | 499 | 3.07% | 0716 |
| 717  | 0.002821400 | 402 | 390 | 3.07% | 0717 |
| 718  | 0.003507080 | 500 | 485 | 3.07% | 0718 |
| 719  | 0.003046210 | 434 | 421 | 3.07% | 0719 |
| 720  | 0.003271020 | 466 | 452 | 3.07% | 0720 |
| 721  | 0.003046210 | 434 | 421 | 3.07% | 0721 |
| 722  | 0.003540800 | 505 | 490 | 3.07% | 0722 |
| 723  | 0.002821400 | 402 | 390 | 3.07% | 0723 |
| 724  | 0.003529560 | 503 | 488 | 3.07% | 0724 |
| 725  | 0.003046210 | 434 | 421 | 3.07% | 0725 |
| 727  | 0.003046210 | 434 | 421 | 3.07% | 0727 |
| 729  | 0.002978770 | 425 | 412 | 3.07% | 0729 |
| 801  | 0.003349710 | 477 | 463 | 3.07% | 0801 |
| 802  | 0.004046630 | 577 | 560 | 3.07% | 0802 |
| 803  | 0.002540380 | 362 | 351 | 3.07% | 0803 |
| 804  | 0.003473350 | 495 | 480 | 3.07% | 0804 |
| 805  | 0.002765190 | 394 | 382 | 3.07% | 0805 |
| 806  | 0.002742710 | 391 | 379 | 3.07% | 0806 |
| 807  | 0.003046210 | 434 | 421 | 3.07% | 0807 |
| 808  | 0.003203580 | 457 | 443 | 3.07% | 0808 |
| 809  | 0.002821400 | 402 | 390 | 3.07% | 0809 |
| 810  | 0.003630720 | 518 | 502 | 3.07% | 0810 |
| 811  | 0.003057450 | 436 | 423 | 3.07% | 0811 |
| 812  | 0.003619480 | 516 | 501 | 3.07% | 0812 |
| 814  | 0.003271020 | 466 | 452 | 3.07% | 0814 |
| 815  | 0.003057450 | 436 | 423 | 3.07% | 0815 |
| 816  | 0.003608240 | 514 | 499 | 3.07% | 0816 |
| 817  | 0.002821400 | 402 | 390 | 3.07% | 0817 |
| 818  | 0.003507080 | 500 | 485 | 3.07% | 0818 |
| 819  | 0.003046210 | 434 | 421 | 3.07% | 0819 |
| 820  | 0.003271020 | 466 | 452 | 3.07% | 0820 |
| 821  | 0.003046210 | 434 | 421 | 3.07% | 0821 |
| 822  | 0.003540800 | 505 | 490 | 3.07% | 0822 |
| 823  | 0.002821400 | 402 | 390 | 3.07% | 0823 |
| 824  | 0.003529560 | 503 | 488 | 3.07% | 0824 |
| 825  | 0.003046210 | 434 | 421 | 3.07% | 0825 |
| 827  | 0.003046210 | 434 | 421 | 3.07% | 0827 |
| 829  | 0.002978770 | 425 | 412 | 3.07% | 0829 |
| 901  | 0.003349710 | 477 | 463 | 3.07% | 0901 |
| 902  | 0.004046630 | 577 | 560 | 3.07% | 0902 |
| 903  | 0.002540380 | 362 | 351 | 3.07% | 0903 |
| 904  | 0.003473350 | 495 | 480 | 3.07% | 0904 |
| 905  | 0.002765190 | 394 | 382 | 3.07% | 0905 |
| 906  | 0.002742710 | 391 | 379 | 3.07% | 0906 |
| 907  | 0.003046210 | 434 | 421 | 3.07% | 0907 |
| 908  | 0.003203580 | 457 | 443 | 3.07% | 0908 |
| 909  | 0.002821400 | 402 | 390 | 3.07% | 0909 |
| 910  | 0.003630720 | 518 | 502 | 3.07% | 0910 |
| 911  | 0.003057450 | 436 | 423 | 3.07% | 0911 |
| 912  | 0.003619480 | 516 | 501 | 3.07% | 0912 |
| 914  | 0.003271020 | 466 | 452 | 3.07% | 0914 |
| 915  | 0.003057450 | 436 | 423 | 3.07% | 0915 |
| 916  | 0.003608240 | 514 | 499 | 3.07% | 0916 |
| 917  | 0.002821400 | 402 | 390 | 3.07% | 0917 |
| 918  | 0.003507080 | 500 | 485 | 3.07% | 0918 |
| 919  | 0.003046210 | 434 | 421 | 3.07% | 0919 |
| 920  | 0.003271020 | 466 | 452 | 3.07% | 0920 |
| 921  | 0.003046210 | 434 | 421 | 3.07% | 0921 |
| 922  | 0.003540800 | 505 | 490 | 3.07% | 0922 |
| 923  | 0.002821400 | 402 | 390 | 3.07% | 0923 |
| 924  | 0.003529560 | 503 | 488 | 3.07% | 0924 |
| 925  | 0.003046210 | 434 | 421 | 3.07% | 0925 |
| 927  | 0.003046210 | 434 | 421 | 3.07% | 0927 |
| 929  | 0.002978770 | 425 | 412 | 3.07% | 0929 |
| 1001 | 0.003349710 | 477 | 463 | 3.07% | 1001 |
| 1002 | 0.004046630 | 577 | 560 | 3.07% | 1002 |
| 1003 | 0.002540380 | 362 | 351 | 3.07% | 1003 |
| 1004 | 0.003473350 | 495 | 480 | 3.07% | 1004 |
| 1005 | 0.002765190 | 394 | 382 | 3.07% | 1005 |
| 1006 | 0.002742710 | 391 | 379 | 3.07% | 1006 |
| 1007 | 0.003046210 | 434 | 421 | 3.07% | 1007 |
| 1008 | 0.003203580 | 457 | 443 | 3.07% | 1008 |
| 1009 | 0.002821400 | 402 | 390 | 3.07% | 1009 |

|      |             |         |         |       |      |
|------|-------------|---------|---------|-------|------|
| 1010 | 0.003630720 | 518     | 502     | 3.07% | 1010 |
| 1011 | 0.003057450 | 436     | 423     | 3.07% | 1011 |
| 1012 | 0.003619480 | 516     | 501     | 3.07% | 1012 |
| 1014 | 0.003271020 | 466     | 452     | 3.07% | 1014 |
| 1015 | 0.003057450 | 436     | 423     | 3.07% | 1015 |
| 1016 | 0.003608240 | 514     | 499     | 3.07% | 1016 |
| 1017 | 0.002821400 | 402     | 390     | 3.07% | 1017 |
| 1018 | 0.003507080 | 500     | 485     | 3.07% | 1018 |
| 1019 | 0.003046210 | 434     | 421     | 3.07% | 1019 |
| 1020 | 0.003271020 | 466     | 452     | 3.07% | 1020 |
| 1021 | 0.003046210 | 434     | 421     | 3.07% | 1021 |
| 1022 | 0.003540800 | 505     | 490     | 3.07% | 1022 |
| 1023 | 0.002821400 | 402     | 390     | 3.07% | 1023 |
| 1024 | 0.003529560 | 503     | 488     | 3.07% | 1024 |
| 1025 | 0.003046210 | 434     | 421     | 3.07% | 1025 |
| 1027 | 0.003046210 | 434     | 421     | 3.07% | 1027 |
| 1029 | 0.002978770 | 425     | 412     | 3.07% | 1029 |
| 1101 | 0.003349710 | 477     | 463     | 3.07% | 1101 |
| 1102 | 0.004046630 | 577     | 560     | 3.07% | 1102 |
| 1103 | 0.002540380 | 362     | 351     | 3.07% | 1103 |
| 1104 | 0.003473350 | 495     | 480     | 3.07% | 1104 |
| 1105 | 0.002765190 | 394     | 382     | 3.07% | 1105 |
| 1106 | 0.002742710 | 391     | 379     | 3.07% | 1106 |
| 1107 | 0.003046210 | 434     | 421     | 3.07% | 1107 |
| 1108 | 0.003203580 | 457     | 443     | 3.07% | 1108 |
| 1109 | 0.002821400 | 402     | 390     | 3.07% | 1109 |
| 1110 | 0.003630720 | 518     | 502     | 3.07% | 1110 |
| 1111 | 0.003057450 | 436     | 423     | 3.07% | 1111 |
| 1112 | 0.003619480 | 516     | 501     | 3.07% | 1112 |
| 1114 | 0.003271020 | 466     | 452     | 3.07% | 1114 |
| 1115 | 0.003057450 | 436     | 423     | 3.07% | 1115 |
| 1116 | 0.003608240 | 514     | 499     | 3.07% | 1116 |
| 1117 | 0.002821400 | 402     | 390     | 3.07% | 1117 |
| 1118 | 0.003507080 | 500     | 485     | 3.07% | 1118 |
| 1119 | 0.003046210 | 434     | 421     | 3.07% | 1119 |
| 1120 | 0.003271020 | 466     | 452     | 3.07% | 1120 |
| 1121 | 0.003046210 | 434     | 421     | 3.07% | 1121 |
| 1122 | 0.003540800 | 505     | 490     | 3.07% | 1122 |
| 1123 | 0.002821400 | 402     | 390     | 3.07% | 1123 |
| 1124 | 0.003529560 | 503     | 488     | 3.07% | 1124 |
| 1125 | 0.003046210 | 434     | 421     | 3.07% | 1125 |
| 1127 | 0.003046210 | 434     | 421     | 3.07% | 1127 |
| 1129 | 0.002978770 | 425     | 412     | 3.07% | 1129 |
| 1201 | 0.008441710 | 1,203   | 1,168   | 3.07% | 1201 |
| 1202 | 0.003698170 | 527     | 511     | 3.07% | 1202 |
| 1203 | 0.003664440 | 522     | 507     | 3.07% | 1203 |
| 1204 | 0.005238130 | 747     | 724     | 3.07% | 1204 |
| 1205 | 0.007283930 | 1,038   | 1,007   | 3.07% | 1205 |
| 1207 | 0.007688590 | 1,096   | 1,063   | 3.07% | 1207 |
| 1208 | 0.006283510 | 896     | 869     | 3.07% | 1208 |
| 1209 | 0.005923810 | 844     | 819     | 3.07% | 1209 |
| 1210 | 0.006047460 | 862     | 836     | 3.07% | 1210 |
| M101 | 0.025145270 | 3,584   | 3,478   | 3.07% | M101 |
|      |             |         |         |       |      |
|      | 1.000000000 | 136,753 | 132,689 | 3.06% |      |

# AOAO Palms at Waikiki

## 2015 Budget

| Planned Revenue & Expenditures  | 2015 BUDGET      |
|---------------------------------|------------------|
| <b>Revenue</b>                  |                  |
| Maintenance Fees                | 1,376,896        |
| Late fees                       | 625              |
| Owner Admin Fees                | 0                |
| Owner Interest                  | 668              |
| Interest Earned Reserve Account | 2,768            |
| Space Rental                    | 20,136           |
| Long Distance Telephone         | 1,881            |
| Vending                         | 2,166            |
| Laundry                         | 27,975           |
| Operating Interest Income       | 152              |
| <b>Total Revenue</b>            | <b>1,433,267</b> |

|                                     |                |
|-------------------------------------|----------------|
| <b>General &amp; Administrative</b> |                |
| Management Fee                      | 49,421         |
| Accounting Fee                      | 22,189         |
| Audit Fees                          | 2,000          |
| Legal Fees                          | 6,973          |
| Prof Fees - Reserve Study           | 810            |
| Bank Charges                        | 0              |
| Postage & Mail                      | 1,371          |
| Insurance                           | 116,401        |
| Office Equipment & Supplies         | 924            |
| Meetings                            | 500            |
| General Excise Tax (GET)            | 2,862          |
| Other Taxes & Fees                  | 2,236          |
| Training & Education                | 0              |
| Bad Debt Expense                    | 0              |
| Miscellaneous G & A                 | 0              |
| <b>Subtotal</b>                     | <b>205,688</b> |

|                               |                |
|-------------------------------|----------------|
| <b>Payroll &amp; Benefits</b> |                |
| Administrative Salary         | 64,784         |
| Maintenance/Handyman Salary   | 171,789        |
| Janitorial/Utility Salary     | 132,058        |
| Security Services             | 64,898         |
| <b>Subtotal</b>               | <b>433,529</b> |

|                                 |                |
|---------------------------------|----------------|
| <b>Utilities</b>                |                |
| Electricity                     | 386,846        |
| Water                           | 43,336         |
| Sewer                           | 104,998        |
| Gas                             | 70,564         |
| Diesel Fuel                     | 600            |
| TV & Cable                      | 51,678         |
| Telephone Repairs               | 7,322          |
| Telephone Expense               | 8,169          |
| Telephone Expense-Elevator      | 0              |
| Telephone Expense-Long Distance | 0              |
| Internet WebSite                | 1,150          |
| High-Speed Internet             | 14,349         |
| <b>Subtotal</b>                 | <b>689,013</b> |



| Building Maintenance                |               |
|-------------------------------------|---------------|
| Elevator Maintenance                | 15,977        |
| Lighting Repairs & Supplies         | 6,000         |
| Life & Safety                       | 10,845        |
| General Maintenance & Repair        | 3,037         |
| Asphalt Repair                      | 0             |
| Painting Supplies                   | 3,479         |
| Pool Maintenance & Supplies         | 2,002         |
| Air Conditioning Supplies           | 13,709        |
| Ice Machine Repairs                 | 997           |
| Window Cleaning                     | 350           |
| Common Area-Plumbing Repairs        | 0             |
| Janitorial Supplies                 | 8,998         |
| Laundry Expense                     | 2,734         |
| Hallway                             | 0             |
| Maintenance Supplies                | 495           |
| Locks, Keys & Repairs               | 2,841         |
| Door Repairs                        | 4,000         |
| Security Equipment Repairs          | 600           |
| Miscellaneous Maintenance & Repairs | 0             |
| <b>Subtotal</b>                     | <b>76,064</b> |

| Contract Services            |               |
|------------------------------|---------------|
| Grounds Maint. & Landscaping | 600           |
| Door Mat Cleaning            | 0             |
| Chiller Maintenance          | 13,788        |
| Utility Reimbursement        | -14,552       |
| Trash & Refuse Removal       | 22,856        |
| Pest Control                 | 6,281         |
| <b>Subtotal</b>              | <b>28,973</b> |

| TOTALS                                  |           |
|-----------------------------------------|-----------|
| Monthly Planned Revenue                 | 1,433,267 |
| Monthly Planned Expenditures            | 1,433,267 |
| YTD Planned Expenditures                | 1,433,267 |
| Planned Net Operation Surplus/(Deficit) | 0         |



**OFFICE OF THE  
ASSISTANT REGISTRAR, LAND COURT  
STATE OF HAWAII  
(Bureau of Conveyances)**

**The original of this document was  
recorded as follows:**

**DOCUMENT NO. 3182365  
DATE OCT 20 2004 TIME 10:00**

**LAND COURT SYSTEM**

**REGULAR SYSTEM**

**AFTER RECORDATION: RETURN BY MAIL ( ) PICK-UP (X)**

**Imanaka Kudo & Fujimoto  
745 Fort Street, 17<sup>th</sup> Floor  
Honolulu, Hawaii 96813  
521-9500 (HLH)**

**Tax Map Key No. (1) 2-6-012-003**

**Total Pages: 36**

**BYLAWS OF THE ASSOCIATION OF  
APARTMENT OWNERS  
OF  
PALMS AT WAIKIKI**

## TABLE OF CONTENTS

|                                                                                   |    |
|-----------------------------------------------------------------------------------|----|
| ARTICLE I INTRODUCTORY PROVISIONS .....                                           | 2  |
| SECTION 1.    AUTHORITY FOR BYLAWS.....                                           | 2  |
| SECTION 2.    PURPOSE OF BYLAWS; COVENANTS TO RUN WITH THE LAND .....             | 2  |
| SECTION 3.    DEFINITIONS.....                                                    | 2  |
| SECTION 4.    CONFLICTS.....                                                      | 2  |
| SECTION 5.    BINDING EFFECT OF BYLAWS ON OWNERS, MORTGAGEES AND<br>LESSEES ..... | 2  |
| ARTICLE II ASSOCIATION OF OWNERS .....                                            | 2  |
| SECTION 1.    PURPOSE AND VOTING .....                                            | 2  |
| SECTION 2.    QUORUM.....                                                         | 3  |
| SECTION 3.    MAJORITY VOTE.....                                                  | 3  |
| SECTION 4.    MAJORITY OF APARTMENT OWNERS .....                                  | 3  |
| SECTION 5.    CUMULATIVE VOTING.....                                              | 3  |
| SECTION 6.    PROXIES AND PLEDGES.....                                            | 3  |
| SECTION 7.    PLACE OF MEETINGS.....                                              | 4  |
| SECTION 8.    ANNUAL MEETINGS .....                                               | 4  |
| SECTION 9.    REGULAR MEETINGS .....                                              | 4  |
| SECTION 10.   SPECIAL MEETINGS .....                                              | 4  |
| SECTION 11.   NOTICE OF MEETINGS AND OTHER NOTICES .....                          | 5  |
| SECTION 12.   ADJOURNMENT OF MEETINGS .....                                       | 5  |
| SECTION 13.   CONDUCT OF MEETINGS AND ORDER OF BUSINESS .....                     | 5  |
| ARTICLE III BOARD OF DIRECTORS .....                                              | 6  |
| SECTION 1.    NUMBER AND QUALIFICATION.....                                       | 6  |
| SECTION 2.    POWERS AND DUTIES .....                                             | 6  |
| SECTION 3.    MANAGING AGENT.....                                                 | 9  |
| SECTION 4.    ELECTION AND TERM OF OFFICE.....                                    | 10 |
| SECTION 5.    REMOVAL OF MEMBERS OF THE BOARD .....                               | 10 |
| SECTION 6.    VACANCIES.....                                                      | 10 |
| SECTION 7.    ORGANIZATIONAL MEETING AND CONDUCT OF MEETINGS .....                | 11 |
| SECTION 8.    REGULAR MEETINGS .....                                              | 11 |
| SECTION 9.    BOARD MEETINGS OPEN TO OWNERS.....                                  | 11 |
| SECTION 10.   EXECUTIVE SESSION.....                                              | 11 |
| SECTION 11.   SPECIAL MEETINGS .....                                              | 11 |
| SECTION 12.   WAIVER OF NOTICE.....                                               | 11 |
| SECTION 13.   MEETINGS BY PHONE OR WRITTEN CONSENT.....                           | 11 |
| SECTION 14.   QUORUM OF BOARD.....                                                | 12 |
| SECTION 15.   FIDELITY BONDS.....                                                 | 12 |
| SECTION 16.   COMPENSATION .....                                                  | 12 |
| SECTION 17.   LIABILITY AND INDEMNITY OF THE BOARD AND OFFICERS .....             | 12 |
| SECTION 18.   CONFLICT OF INTEREST .....                                          | 12 |
| SECTION 19.   EMPLOYEES; BACKGROUND CHECK .....                                   | 13 |
| ARTICLE IV OFFICERS.....                                                          | 13 |
| SECTION 1.    DESIGNATION .....                                                   | 13 |
| SECTION 2.    ELECTION OF OFFICERS .....                                          | 13 |
| SECTION 3.    REMOVAL OF OFFICERS .....                                           | 13 |
| SECTION 4.    PRESIDENT.....                                                      | 13 |
| SECTION 5.    VICE PRESIDENT.....                                                 | 13 |
| SECTION 6.    SECRETARY .....                                                     | 13 |
| SECTION 7.    TREASURER.....                                                      | 14 |

|              |                                                                        |    |
|--------------|------------------------------------------------------------------------|----|
| SECTION 8.   | AUDIT.....                                                             | 14 |
| SECTION 9.   | NOTIFICATION OF MAINTENANCE FEE INCREASES OR SPECIAL ASSESSMENTS.....  | 14 |
| SECTION 10.  | EXECUTION OF AGREEMENTS, CONTRACTS, DEEDS, CHECKS, ETC .....           | 14 |
| SECTION 11.  | COMPENSATION OF OFFICERS.....                                          | 14 |
| ARTICLE V    | REPAIR, MAINTENANCE, AND USE .....                                     | 14 |
| SECTION 1.   | REPAIR AND MAINTENANCE .....                                           | 14 |
| SECTION 2.   | USE.....                                                               | 15 |
| SECTION 3.   | EXEMPTIONS FOR PERSONS WITH DISABILITIES .....                         | 16 |
| ARTICLE VI   | COMMON EXPENSES, APARTMENT EXPENSES AND TAXES .....                    | 16 |
| SECTION 1.   | COMMON EXPENSES .....                                                  | 16 |
| SECTION 2.   | COLLECTION AND PAYMENT OF COMMON EXPENSES.....                         | 18 |
| SECTION 3.   | TAXES AND ASSESSMENTS .....                                            | 18 |
| SECTION 4.   | DEFAULT IN PAYMENT OF ASSESSMENTS; LIEN .....                          | 18 |
| SECTION 5.   | COLLECTION FROM TENANT .....                                           | 20 |
| SECTION 6.   | ATTORNEYS' FEES AND EXPENSES OF ENFORCEMENT .....                      | 20 |
| SECTION 7.   | WAIVER .....                                                           | 21 |
| SECTION 8.   | FINANCIAL RECORDS.....                                                 | 21 |
| SECTION 9.   | DEPOSITS IN FINANCIAL INSTITUTIONS .....                               | 21 |
| ARTICLE VII  | INSURANCE AND RESTORATION.....                                         | 22 |
| SECTION 1.   | PROPERTY INSURANCE .....                                               | 22 |
| SECTION 2.   | GENERAL LIABILITY INSURANCE .....                                      | 23 |
| SECTION 3.   | FLOOD INSURANCE AND INSURANCE AGAINST ADDITIONAL RISKS.....            | 24 |
| SECTION 4.   | MISCELLANEOUS INSURANCE PROVISIONS .....                               | 24 |
| SECTION 5.   | DAMAGE AND DESTRUCTION.....                                            | 24 |
| ARTICLE VIII | MORTGAGES.....                                                         | 26 |
| SECTION 1.   | NOTICE TO BOARD.....                                                   | 26 |
| SECTION 2.   | NOTICE OF UNPAID COMMON EXPENSES.....                                  | 26 |
| SECTION 3.   | NOTICE OF DEFAULT.....                                                 | 26 |
| SECTION 4.   | EXAMINATION OF BOOKS.....                                              | 26 |
| SECTION 5.   | MORTGAGEE PROTECTION.....                                              | 26 |
| SECTION 6.   | REQUEST FOR NOTICE .....                                               | 27 |
| SECTION 7.   | RELEASE OF INFORMATION .....                                           | 27 |
| ARTICLE IX   | CONDEMNATION.....                                                      | 27 |
| SECTION 1.   | CONDEMNATION.....                                                      | 27 |
| SECTION 2.   | NOTICE TO MORTGAGEES .....                                             | 27 |
| ARTICLE X    | GENERAL PROVISIONS.....                                                | 28 |
| SECTION 1.   | HOUSE RULES .....                                                      | 28 |
| SECTION 2.   | ABATEMENT AND ENJOINMENT OF VIOLATIONS BY APARTMENT OWNERS .....       | 28 |
| SECTION 3.   | MAINTENANCE AND REPAIR OF APARTMENTS.....                              | 28 |
| SECTION 4.   | MAINTENANCE AND REPAIR OF COMMON ELEMENTS AND CERTAIN OTHER AREAS..... | 28 |
| SECTION 5.   | ADDITIONS OR ALTERATIONS BY BOARD .....                                | 29 |
| SECTION 6.   | ADDITIONS OR ALTERATIONS BY APARTMENT OWNERS .....                     | 29 |
| SECTION 7.   | OWNERS MAY INCORPORATE .....                                           | 29 |
| SECTION 8.   | SALES OR RENTAL ACTIVITIES BY EMPLOYEES OF THE ASSOCIATION.....        | 29 |
| SECTION 9.   | NOTICES .....                                                          | 29 |

|             |                                                   |    |
|-------------|---------------------------------------------------|----|
| SECTION 10. | CAPTIONS.....                                     | 30 |
| SECTION 11. | GENDER .....                                      | 30 |
| SECTION 12. | WAIVER .....                                      | 30 |
| SECTION 13. | INTERPRETATION.....                               | 30 |
| SECTION 14. | AMENDMENT .....                                   | 30 |
| SECTION 15. | RESTATEMENT OF BYLAWS.....                        | 30 |
| SECTION 16. | SEVERABILITY .....                                | 30 |
| SECTION 17. | EXAMINATION OF DOCUMENTS OF THE ASSOCIATION ..... | 30 |
| SECTION 18. | MEMBERSHIP LIST .....                             | 31 |
| SECTION 19. | PROJECT DOCUMENTS.....                            | 31 |
| SECTION 20. | TERMINATION.....                                  | 32 |

**BYLAWS OF  
THE ASSOCIATION OF APARTMENT OWNERS  
OF  
PALMS AT WAIKIKI**

**LAEROC WAIKIKI PARKSIDE, LLC**, a Hawaii limited liability company (the "Developer"), owner of the land described in Exhibit "A" to the Declaration of Condominium Property Regime of Palms at Waikiki of even date herewith, which Declaration is recorded in the Office of the Registrar of the Land Court of the State of Hawaii as Document No. 3182-3164 with Condominium Map No. 1074, and duly noted on Land Court Certificate of Title No. 589,819, as the same may be amended from time to time ("Declaration"), hereby submits the condominium property regime described in said Declaration to the following Bylaws of the Association of Apartment Owners of Palms at Waikiki ("Bylaws").

**ARTICLE I**

**INTRODUCTORY PROVISIONS**

Section 1. **AUTHORITY FOR BYLAWS.** The Developer, acting as the present Association of Apartment Owners of the Project, hereby approves and adopts these Bylaws pursuant to the Act. The Bylaws of the Project are subject to the laws of the State of Hawaii, including but not limited to: Chapter 514A, Hawaii Revised Statutes ("Act"), and the Hawaii Administrative Rules, Title 16, Chapter 107, as the same are amended.

Section 2. **PURPOSE OF BYLAWS; COVENANTS TO RUN WITH THE LAND.** The Land and the Improvements are held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following Bylaws, all of which are declared and agreed to be in furtherance of the plan set forth in the Declaration, to constitute a condominium property regime under the Act and for the purposes of enhancing and perfecting the value, desirability and attractiveness of the Project. These Bylaws shall run with the Land and Apartments, shall constitute equitable servitudes and liens, and shall be binding upon all parties having or acquiring any right, title or interest therein.

Section 3. **DEFINITIONS.** The terms used herein with initial capital letters shall have the meanings given to them in Article I of the foregoing Declaration, except as expressly otherwise provided herein.

Section 4. **CONFLICTS.** These Bylaws are set forth to comply with the requirements of the Act. In any case where any of these Bylaws conflicts with the provisions of the Act or the Declaration, the provisions of the Act or the Declaration, as the case may be, shall control.

Section 5. **BINDING EFFECT OF BYLAWS ON OWNERS, MORTGAGEES AND LESSEES.** All present and future Owners, mortgagees, vendors and vendees under Agreements of Sale, tenants and occupants of Apartments and their employees, business invitees and any other persons who may use any part of the Project in any manner are subject to these Bylaws, the Declaration and the House Rules. The acceptance of an Apartment Deed, or conveyance or mortgage or Agreement of Sale or the entering into of a lease or the act of occupancy of an Apartment shall constitute an acceptance, ratification and agreement to comply with the provisions of these Bylaws, the House Rules and the Declaration, as the same may be amended from time to time.

**ARTICLE II**

**ASSOCIATION OF OWNERS**

Section 1. **PURPOSE AND VOTING.** The Association shall be organized and operated for the purposes of managing, maintaining, acquiring, constructing and caring for the Association property, which includes the Common Elements, funds and other property held by the Association or the nominee of the Association, property owned in common by one (1) or more Apartment Owners, but held by the Association, property within or

forming part of the Project privately held by one (1) or more Apartment Owners, but which may be subject to a common maintenance assessment by the Association for such purposes as insurance, and property owned by a government agency, public utility or other third party and used for the benefit of the Association or one (1) or more Apartment Owners. Each Apartment Owner shall be a member of the Association and shall be entitled to that percentage of the total vote of all of the Apartment Owners which equals the percentage of the Common Interest appurtenant to such Apartment as set forth in the Declaration. Votes may be cast in person or by proxy by the respective Apartment Owners. The vendee of an Apartment pursuant to an Agreement of Sale recorded at the Office of the Assistant Registrar of the Land Court of the State of Hawaii shall have the right to vote unless the vote is retained by the vendor as may be provided in said Agreement of Sale pursuant to Section 514A-83 of the Act. An executor, administrator, personal representative, guardian or trustee may vote in person or by proxy at any meeting of the Association the percentage of vote for any Apartment owned or controlled by him in such capacity, provided that he shall first present evidence satisfactory to the Secretary that he owns or controls such Apartment in such capacity not later than the commencement of the meeting. The vote for any Apartment owned of record by two (2) or more persons may be exercised by any one of them present at any meeting in the absence of protest by the other or others, and in case of protest each co-tenant shall be entitled to only a share of such vote in proportion to his share of ownership in such Apartment. Corporations, general partnerships, limited partnerships and limited liability companies which are Owners shall designate a general partner, officer, member or manager, as appropriate, for the purpose of exercising the vote; and such representative of an Owner which is a corporation, general partnership, limited partnership or limited liability company shall present satisfactory written evidence to the Secretary of their designation as representative not later than the commencement of the meeting.

Section 2. **QUORUM.** Except as otherwise provided in these Bylaws, the presence in person or by proxy of a Majority of Apartment Owners (defined in Section 4. below) shall constitute a quorum at all meetings of the Apartment Owners; provided that unless one-third (1/3) or more of the voting power is present in person or by proxy, the only matters that may be voted upon at an annual or regular meeting are those matters described in the meeting notice.

Section 3. **MAJORITY VOTE.** The vote of a majority of the Common Interest present or represented at a meeting at which a quorum shall be present shall be binding upon all Apartment Owners for all purposes, except where a higher percentage vote is required in the Declaration or these Bylaws or by law.

Section 4. **MAJORITY OF APARTMENT OWNERS.** As used in these Bylaws, the term "Majority of Apartment Owners" shall mean the Owners of Apartments to which are appurtenant more than fifty percent (50%) of the total Common Interest, and any specified percentage of the Owners means Owners of Apartments to which are appurtenant such percentage of the Common Interest.

Section 5. **CUMULATIVE VOTING.** Election of Directors shall be by cumulative voting and each Owner may cast for any one or more nominees to the Board a vote equivalent to the votes which such Owner is entitled to multiplied by the number of Directors to be elected. Each Owner shall be entitled to cumulate his votes and give all thereof to one nominee or to distribute his votes in such manner as he shall determine among any or all of the nominees, and the nominees receiving the highest number of votes on the foregoing basis, up to the total number of Directors to be elected, shall be deemed elected. Meeting notices must specify whether cumulative voting will be exercised at the meeting.

Section 6. **PROXIES AND PLEDGES.** The authority given by any Apartment Owner to another person to represent said Owner at meetings of the Association shall be in writing, signed by the Owner, and must be delivered to the Secretary of the Association or the Managing Agent, if any, no later than 4:30 p.m. on the second business day prior to the date of the meeting to which it pertains. The proxy must contain at least (i) the name of the Association, (ii) the date of the meeting of the Association, (iii) the printed name and signature of the Owner giving the proxy, (iv) the Apartment or Apartments for which the proxy is given, and (v) the date that the proxy is given.

The proxy shall also contain a checkbox wherein the Owner may indicate that the proxy is either (i) given for quorum purposes only, (ii) given to an individual whose name is printed on a line next to the box, (iii) given to the Board as a whole and that the vote be made on the basis of the majority of the Board, or (iv) given to those Directors present at the meeting and that the vote is to be shared with each Board member receiving an equal percentage. Proxy forms given to the Board which are not so marked shall be considered a choice by the Owner that

the vote may be made on a basis of the preference of the majority of the Board. All proxies shall only be valid for the meeting to which the proxy pertains and its adjournments, may designate any person as proxy and may be limited as the Apartment Owner desires and indicates; provided that no proxy shall be irrevocable unless coupled with a financial interest in the Apartment. Voting rights transferred or pledged by mortgage, deed of trust, agreement of sale or lease of any Apartment or interest therein, a true copy of which is filed with the Board through the Secretary or Managing Agent, shall be exercised only by the person designated in such instrument until the written release or other termination thereof is filed with the Board in like manner. Nothing in this Section shall affect the holder of any proxy under a first mortgage of record encumbering an Apartment or under an Agreement of Sale affecting an Apartment. The Managing Agent shall not solicit, for use by such Managing Agent, any proxies from any Apartment Owner, nor shall the Managing Agent cast any proxy vote at any Association meeting except for the purpose of establishing a quorum. No board of directors or member of the Board shall use Association funds to solicit proxies except for the distribution of proxies as set forth in Section 514A-84(b)(4) of the Act, provided that this shall not prevent an individual member of the Board from soliciting proxies as an apartment owner under Section 514A-82(b)(4) of the Act.

Proxies shall be revoked by writing filed with the Secretary or by the attendance of an Owner at the meeting. Any one of two or more persons and/or entities owning any Apartment may give or revoke a proxy for the entire vote of such Apartment or, if so specified in the proxy, for a share of such vote in proportion to the share of ownership of the person and/or entities giving such proxy. Any proxy given by a cotenant or cotenants for only a share of an Apartment's vote in proportion to the share of ownership of such cotenant or cotenants shall be revocable only by such cotenant or cotenants. Any proxy given by a cotenant or cotenants for only a share of an Apartment's vote may be exercised to cast the entire vote for such Apartment in the absence of protest by another cotenant or the holder of a proxy from another cotenant, and, in case of such protest, each cotenant or holder of a proxy from a cotenant, as the case may be, shall be entitled to only a share of such Apartment's vote in proportion to the respective shares of ownership in such Apartment.

A copy, facsimile telecommunication or other reliable reproduction of a proxy may be used in lieu of the original proxy for any and all purposes for which the original proxy could be used; provided that any copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original proxy.

Section 7. **PLACE OF MEETINGS.** All meetings of the Association shall be held at such place within the Project, or elsewhere within the State, as may be designated by the Board.

Section 8. **ANNUAL MEETINGS.** The first annual meeting of the Apartment Owners shall be held not later than one hundred eighty (180) days after recordation of the first Apartment Deed, provided that Apartment Deeds for not less than forty percent (40%) of the Apartments in the Project have been recorded at said Land Court. If Apartment Deeds for less than forty percent (40%) of the Apartments in the Project shall not have been recorded within one (1) year of the recordation of the first Apartment Deed, an annual meeting shall be called upon the written request of ten percent (10%) of the Apartment Owners. The terms "recorded" and "recordation" shall mean and refer to the recordation of Apartment Deeds transferring the Apartments to an Owner. At such meeting the Apartment Owners shall elect a Board. Prior to that time, the Association shall consist solely of the Developer which shall have authority to act in all matters as the Association. Thereafter, the annual meetings of the Association shall be held within ninety (90) days following the close of the fiscal year as selected by the Board or the Association or at such other time as the Board shall from time to time determine. At such meetings the Board shall be elected by the Apartment Owners in accordance with the requirements of Article III, Section 1. of these Bylaws. The Apartment Owners may transact such other business at such meetings as may properly come before them.

Section 9. **REGULAR MEETINGS.** In addition to annual meetings as provided in Section 8. of this Article II, the Board by resolution or a Majority of the Apartment Owners by petition may establish regular meetings at semi-annual, quarter-annual, or other regular intervals.

Section 10. **SPECIAL MEETINGS.** Special meetings of the Owners of the Apartments may be held at any time upon the call of the President or of any three (3) Directors, or by a petition to the Secretary signed by not less than twenty-five percent (25%) of Owners as shown on the Association's record of ownership, and except as otherwise provided in these Bylaws or by law, the business considered shall be limited to that stated in the

notice of the special meeting. Upon receipt of such call or petition, the Secretary shall send written notice of the meeting to all Apartment Owners in the manner provided in Section 11. below. In the event that the Secretary shall fail to send out notices for the specific meeting within fourteen (14) days of receipt of any petition to have such meeting, the petitioner(s) calling for the meeting may send them in accordance with the provisions for such notice contained in these Bylaws. The meeting shall be held at the time and place specified in such call, or if unspecified, at any reasonable time within forty-five (45) days from the date the call was received. A special meeting and procedures adopted for the removal and replacement of Directors shall be conducted in accordance with Article III, Section 5. of these Bylaws pertaining to the removal, replacement and election of Directors.

Section 11. **NOTICE OF MEETINGS AND OTHER NOTICES.** Written notice of all meetings, annual or special, stating the date, time and place of the meeting and whether it is annual or special, and stating briefly the business proposed to be transacted thereat and items on the agenda for such meeting, together with a standard proxy form authorized by the Association, if any, and any other notices permitted or required to be delivered by these Bylaws, shall be given by mailing such notice(s) and form, postage prepaid, or by facsimile, electronic mail or in person, at least fourteen (14) days but not more than thirty (30) days before the date assigned for the meeting, to the Owners of the Apartments at their address at the Project or at the address given to the Board for the purpose of service of such notices. Upon written request for notices delivered to the Board, the holder of any duly recorded mortgage or deed of trust from any Owner of an Apartment may obtain a copy of any and all notices permitted or required to be given to the Owner of an Apartment, whose interest is subject to said mortgage or deed of trust. Upon notice being given in accordance with the provisions hereof, the failure of any Owner of an Apartment to receive actual notice of any meeting shall not in any way invalidate the meeting or proceedings thereat. The presence of any Apartment Owner or mortgagee in person or by proxy at any meeting shall be deemed a waiver of any required notice to such Owner unless he shall at the opening thereof object to the holding of such meeting because of the failure to give notice in accordance with the provisions hereof. Each such Owner shall keep the Board informed of any changes in address.

Section 12. **ADJOURNMENT OF MEETINGS.** If any meeting of Apartment Owners cannot be held because a quorum is not present, a majority in Common Interest of those Apartment Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called as may be determined by majority vote of the Apartment Owners present, without notice other than the announcement at such meeting. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted by a quorum at the meeting as originally called.

Section 13. **CONDUCT OF MEETINGS AND ORDER OF BUSINESS.** All meetings of the Association shall be conducted in accordance with the most current edition of Robert's Rules of Order. The order of business at all regular meetings of the Apartment Owners shall be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of Officers;
- (e) Report of Board;
- (f) Reports of committees;
- (g) Election of inspectors of election (when so required);
- (h) Election of members of the Board (when so required);
- (i) Unfinished business; and



- (j) New business.

### ARTICLE III

#### BOARD OF DIRECTORS

Section 1. **NUMBER AND QUALIFICATION.** The affairs of the Project shall be governed by a Board of Directors who shall owe a fiduciary duty to the Association. There shall be an initial Board of Directors consisting of three (3) initial Directors appointed by the Developer. The initial Board shall be replaced by a Board comprised of five (5) persons elected at the first annual meeting of the Apartment Owners. Each member of the Board shall be an Owner, co-Owner, a spouse of an Owner, a vendee under Agreement of Sale, designated general partner, officer, member or manager, or trustee, of an Owner which is a corporation, general partnership or limited partnership, limited liability company, or a trust, respectively, or a designated agent of the Developer. There shall not be more than one representative on the Board from any one Apartment. No employee of the Managing Agent shall serve on the Board. So long as the Developer owns at least one (1) Apartment in the Project, to the extent permitted by applicable law, Developer has the right, but not the obligation, to appoint one (1) Director to the Board.

Section 2. **POWERS AND DUTIES.** The Board shall have the powers and duties necessary for the administration of the affairs of the Project in compliance with all governmental requirements and the Declaration, and for the maintenance, upkeep and repair of the Project in good order and condition, and may do all such acts and things except as by law or by the Declaration or by these Bylaws may not be delegated to the Board by the Apartment Owners. The Board shall have all rights set forth in the Act subject to any and all approval requirements as set forth in the Act, the Declaration and these Bylaws. A Director shall not cast any proxy vote at any Board meeting, nor shall a Director vote at any Board meeting on any issue in which the Director has a conflict of interest. The Director shall disclose the nature of the conflict of interest prior to a vote at the Board meeting, and the minutes of the meeting shall record the fact that a disclosure was made. Ownership and use of an Apartment by a Director for the purposes permitted by the Declaration and these Bylaws do not, by themselves, create a conflict of interest. Subject to the terms of the Declaration, the powers and duties of the Board shall include, but shall not be limited to, the following:

- (a) Enforcing the provisions of the Declaration, these Bylaws and the House Rules;
- (b) Payment of any amount necessary to discharge any lien or encumbrance levied against the entire Project or any part thereof which may in the opinion of the Board constitute a lien against the Project or against the Common Elements or Limited Common Elements rather than merely against the interest therein of particular Owners. If one or more Owners are responsible for the existence of any such lien, they shall be jointly and severally liable for the cost of discharging it and for the costs incurred by the Board by reason of such lien;
- (c) Delegating its powers to committees, agents, officers, representatives and employees; provided that such committees are not allowed to 1) authorize distributions; 2) approve or recommend to members dissolution, merger or the sale, pledge or transfer of all or substantially all of the Association's assets; 3) elect or appoint or remove directors or fill vacancies on the Board or any of its committees; or 4) adopt, amend, or repeal the articles of incorporation or Bylaws.
- (d) Purchasing materials, supplies, furniture, labor and services, making repairs and structural alterations, and payment of all insurance premiums, taxes and assessments and other Common Expenses which the Board is required to secure, make or pay pursuant to these Bylaws or by law or which in its opinion shall be necessary or proper for the operation of the buildings in which the Apartments are located as apartment buildings or the enforcement of these Bylaws, provided that if any such materials, supplies, furniture, labor, services, repairs, structural alterations, insurance, taxes or assessments are required because of the particular actions or negligence of the Owners of particular Apartments, the cost thereof shall be specially assessed to the Owners of such Apartments;
- (e) Contracting for fire, casualty, liability and other insurance on behalf of the Association, pursuant to the provisions of Article VII hereof;

(f) Operation, care, upkeep, maintenance and repair of the Common Elements and any additions or alterations thereto;

(g) Preparation and adoption annually of a budget of the Common Expenses required for the affairs of the Association in compliance with Section 514A-83.6 of the Act and Chapter 107, Hawaii Administrative Rules (including, without limitation, the operation and maintenance of the Project in accordance with the Declaration and these Bylaws), and determination of the amounts of regular and special assessments;

(h) Custody and control of all funds of the Association, maintenance of full and accurate books of account and records of such funds and preparation of regular financial reports thereof;

(i) Exercising a right of entry in or upon any privately owned Apartment at any time and from time to time during reasonable hours and without liability to any Owner for trespass, damage or otherwise, but only where necessary (in connection with construction, maintenance or repair) to protect the Common Elements, Limited Common Elements, or any Apartment or Apartments; provided that the Board shall have a right of entry in the event of emergencies pursuant to Section 514A-13(f) of the Act;

(j) Maintenance and repair of any Apartment when such maintenance or repair is necessary, in the discretion of the Board, to protect the Common Elements and Limited Common Elements or any other portion of the buildings and the Owner or Owners of said Apartment shall have failed or refused to perform said maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair is delivered by the Board to said Owner or Owners; provided that the Board shall levy a special assessment against such Apartment for the cost of such maintenance or repair and any attorneys' fees and other expenses incurred in levying or collecting such special assessment;

(k) Making a determination of the Common Expenses and special assessments required for the affairs of the Project, including, without limitation, the operation and maintenance of the Project;

(l) Levy and collection of regular and special assessments of the Common Expenses and other charges payable by the Apartment Owners;

(m) Employment and dismissal of the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements, provided that an Owner shall not act as an officer of an association and an employee of the Managing Agent employed by the Association;

(n) Subject to the provisions of Article X, Section 1. of these Bylaws, adoption and amendment of House Rules covering the details of the operation and use of the Common Elements of the Project and the enforcement of those House Rules;

(o) Opening bank accounts on behalf of the Association and designating the signatories required therefor;

(p) To the extent permitted by law, purchasing or leasing or otherwise acquiring in the name of the Board or its designee, corporate or otherwise, on behalf of all Apartment Owners, Apartments offered for sale or lease for use by a person or persons engaged in the operation, repair or maintenance of the Project, but only with prior approval of Apartment Owners owning not less than sixty-five percent (65%) of the Common Interests provided, however, that the purchase of the first such Apartment by the Association shall require only Board approval. The expense of any leasing, acquiring, maintaining or operation of any such Apartment by the Board shall be a Common Expense;

(q) To the extent permitted by law, purchasing Apartments at foreclosure or other judicial sales in the name of the Board or its designee, corporate or otherwise, on behalf of all Apartment Owners;

(r) To the extent permitted by law, selling (including entering into listing agreements with real estate brokers), leasing, subleasing, mortgaging, voting the votes appurtenant to (other than for

the election of members of the Board), or otherwise dealing with Apartments acquired by the Board or its designee, corporate or otherwise, on behalf of all Apartment Owners;

(s) Organizing corporations to act as designees of the Board in acquiring title to or leasing of Apartments on behalf of all Apartment Owners;

(t) Making additions and improvements to or alterations of the Project and repairs to and restoration of the Project in accordance with the other provisions of these Bylaws and the Declaration;

(u) To the extent permitted by law, the Board may borrow funds from time to time on behalf of the Association for (i) the repair, replacement, maintenance, operation or administration of the Common Elements of the Project, (ii) the purchase of property, (iii) the making of repairs, additions, alterations or improvements to the Project, or (iv) for such other purpose or purposes as the Board may determine in its reasonable discretion;

(v) Procuring legal, financial consulting, real estate brokerage, and accounting services, including opinions of counsel necessary or proper in the operation of the Project or enforcement or implementation of the Declaration, these Bylaws, the House Rules and any other material documents affecting the Project;

(w) Representing the Apartment Owners in any proceedings, negotiations, settlements or agreements related to the allocation of any losses, awards or proceeds from the condemnation, destruction or liquidation of all or part of the Project, or from the termination of the Project;

(x) Paying for all Common Expenses which the Board is required to pay for pursuant to the terms of these Bylaws or by law, or which in the Board's opinion shall be necessary or proper for the operation of the Project or for the enforcement of these Bylaws, provided that if any such payment is required because of the particular actions or negligence of the Owners of particular Apartments, the cost thereof shall be specially assessed to the Owners of such Apartments;

(y) Appointing a Managing Agent and delegating to it such of its powers as it deems necessary or appropriate, delegation of which is not otherwise prohibited herein or in the Declaration or by law;

(z) Keeping, or causing the Managing Agent to keep, an accurate and current list of members of the Association and their current addresses, and the names and addresses of the vendees under Agreements of Sale, if any, as provided in Article X, Section 18. of these Bylaws;

(aa) Maintaining an accurate and current file of all Apartment Deeds and Agreements of Sale for resolution of such questions as ownership and voting rights;

(bb) Reviewing for the purpose of approval or disapproval of any Apartment Owner's requests to alter their respective Apartments;

(cc) Appointing an administrator, who shall have the authority to receive mail, including oversized parcels, for and on behalf of Apartment Owners and occupants of Apartments in the Project;

(dd) Giving to all persons having any interest in any Apartment according to the Association's record of ownership or book of mortgages on Apartments, notice of delinquency exceeding thirty (30) days in the payment of any assessment against such Apartment;

(ee) Establishment of such penalties and fines as it deems appropriate with respect to enforcement of the provisions of the Declaration, these Bylaws and the House Rules, including penalties and fines for failure or refusal to pay to the Association on demand all costs and expenses required to be paid hereunder; provided such penalties and fines are not inconsistent with the law or the provisions herein. The unpaid amount of such penalties and fines against any Apartment Owner shall constitute a lien against its Apartment which may be

foreclosed by the Board or Managing Agent in the same manner as provided herein and in the Act for Common Expenses; provided, however, that the said lien for such penalties and fines shall be subordinate to liens for taxes and assessments lawfully imposed by governmental authority against the Apartment and to all sums unpaid on mortgages of record;

(ff) Granting permits and licenses for, and easements for utility, roadway and other purposes over, under or upon the Common Elements, as necessary for the operation of the Project; and

(gg) Receiving easements in favor of the Association as necessary for the operation of the Project.

### Section 3. **MANAGING AGENT.**

(a) The Board shall employ a responsible Managing Agent duly qualified to act as a Managing Agent under the requirements of the Act to manage and operate the Project, subject at all times to direction by the Board, with such administrative functions and powers as shall be delegated to said Managing Agent by the Board; provided that if the Developer or an affiliate of the Developer acts as the first Managing Agent, the term of any such management contract shall be limited to a duration of one (1) year, and such management contract shall be subject to termination by either party thereto on not more than sixty (60) days' written notice and shall not require the payment of any termination penalty by the Association. No Association employee shall engage in selling or renting Apartments in the Project unless approved by an affirmative vote of sixty-five percent (65%) of the membership.

(b) The Managing Agent shall have such powers and duties as may be necessary or proper in connection with (i) supervision of the immediate management and operation of the Project, (ii) maintenance, repair, replacement and restoration of the Common Elements and any additions or alteration thereto; (iii) purchase, maintenance and replacement of any equipment, (iv) employment, supervision and dismissal of such personnel as it deems necessary for the maintenance and operation of the Project, (v) contracting with others for the furnishing of such services as it deems proper for the Project, (vi) preparation of a proposed budget and schedule of assessments, (vii) collection of assessments, and payment of bills to third parties, (viii) overseeing the purchase of such insurance as is contemplated by these Bylaws and/or by the Declaration, (ix) custody and control of all funds of the Association and the maintenance of books and records with respect thereto, and (x) the preparation and filing of financial reports (y) filing of any other applications or reports that may be required by governmental and non-governmental entities.

(c) The Board may, in its discretion, limit any of the powers herein granted to the Managing Agent or grant additional powers to the Managing Agent.

(d) Upon written request of any Apartment Owner or the holder, insurer or guarantor of a mortgage of an interest in any Apartment and upon payment of a reasonable charge therefor, the Managing Agent shall deliver to such party a certified statement of the status of the account of such Apartment.

(e) The Managing Agent, subject to the direction of the Board, may represent the Apartment Owners or any two or more Apartment Owners similarly situated, as a class, in any action, suit, hearing, or other proceeding concerning the Apartment Owners, the Common Elements, or more than one (1) Apartment, or the Association, and on its or their behalf may institute, defend, intervene in, prosecute and settle any such actions, suits and proceedings, without prejudice to the rights of any Apartment Owner individually to appear, sue or be sued.

(f) The Managing Agent shall be required to maintain fidelity bond coverage for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. Such fidelity bonds shall name the Association as an obligee. The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions. The bonds shall provide that they may not be canceled or

substantially modified (including cancellation for non-payment of premium) without at least ten (10) days' prior written notice to the Association.

(g) The Managing Agent shall also maintain at its office a current and accurate copy of the Declaration, Bylaws, House Rules and all public reports for the Project as well as a copy of the form of the first conveyance document from the Developer. Copies of these documents will be made available to Owners, prospective buyers and their respective agents during normal business hours, upon payment to the Managing Agent of a reasonable charge to defray any administrative or duplication costs. If the Project at any time is not managed by a Managing Agent, the foregoing requirements shall be undertaken by a person or entity, if any, employed by the Association, to whom this function shall be delegated.

**Section 4. ELECTION AND TERM OF OFFICE.** At the first annual meeting of Apartment Owners five (5) Directors shall be elected for a term of two (2) years and four (4) Directors shall be elected for a term of one (1) year. At the expiration of the term of office of each initial Director, his successor shall be elected to serve a term of two (2) years. Each Director shall continue to exercise the powers and duties of the office until his successor shall have been elected by the Apartment Owners in case of delay in the election of a successor. No Director who uses Association funds to solicit proxies shall cast any of these proxy votes for the election or reelection of Directors at any Association meetings unless the proxy form specifically authorizes the Director to vote for the election or reelection of Directors and the Board first posts notice of its intent to solicit proxies in prominent locations within the Project at least thirty (30) days prior to its solicitation of proxies; provided that if the Board receives within seven (7) days of the posted notice a request by any Owner for use of Association funds to solicit proxies accompanied by a statement, which shall not exceed one hundred (100) words and indicating the Owner's qualifications to serve on the Board and the reasons for wanting to receive proxies, the Board shall either:

(a) Mail to all Owners a proxy form containing either the names of all Owners who have requested the use of Association funds for soliciting proxies accompanied by their statements; or

(b) Mail to all Owners a proxy form containing no names, but accompanied by a list of names of all Owners who have requested the use of Association funds for soliciting proxies and their statements.

**Section 5. REMOVAL OF MEMBERS OF THE BOARD.** Directors may be removed at any time with or without cause upon a vote of the Apartment Owners at any regular or special meeting at which a quorum shall be present, called for such purpose; provided, however that upon any such removal, at the same meeting at which the removal occurs, the Association shall elect a successor for the remainder of the term of the Director who was removed. If such removal and replacement is to occur at a special Association meeting, the call for such meeting shall be as set forth in Section 10. of Article II; provided, however, that if the Secretary or Managing Agent shall fail to send out the notices for the special meeting as set forth therein, then the petitioners therein shall have the authority to set the time, date and place for the special meeting for the purpose of said removal and replacement and to send out notices in accordance with Section 11. of Article II above. Except as otherwise provided in this paragraph, any such meeting and the procedure adopted for the removal and replacement of Directors shall be conducted in accordance with all applicable requirements and procedures contained in these Bylaws for the removal and replacement of Directors including, but not limited to, the provisions contained herein regarding cumulative voting. Any Director whose removal is proposed by the Apartment Owners shall be given an opportunity to be heard at the meeting. In addition, if any Director shall fail to attend four (4) consecutive regular meetings of the Board for any reason, the Board by a vote of a majority of the other Directors may remove him and select a replacement to serve for the remainder of his unexpired term.

**Section 6. VACANCIES.** Vacancies in the Board caused by any reason other than the natural expiration of the term of any Director, or the removal of a Board member by a vote of the Apartment Owners, shall be filled by a vote of a majority of the remaining Directors at a special meeting of the Board held for that purpose promptly after the occurrence of any such vacancy, or at the next regular meeting, even though the Directors present at such meeting may constitute less than a quorum, and each person so elected shall be a Director for the remainder of the term of the member whose vacancy he filled (unless sooner removed) and until a successor shall be elected at the next annual meeting of Apartment Owners. A vacancy will be deemed to occur upon the death, mental incapacity, or voluntary resignation of any Director, or upon such person ceasing to have the qualifications for a

Director as defined in Article III, Section 1., or, at the discretion of the Board, as provided in Article III, Section 5. above.

Section 7. **ORGANIZATIONAL MEETING AND CONDUCT OF MEETINGS.** The first meeting of the Board shall be held immediately after the first annual meeting of the Apartment Owners and no notice shall be necessary to the newly elected members of the Board in order legally to constitute such meeting, provided that a majority of the whole Board shall be present thereat. At such meeting, the Board shall elect the officers of the Association for the ensuing year.

All meetings of the Board (whether organizational, regular or special) shall be conducted in accordance with the most current edition of Robert's Rules of Order. The Association shall provide each Director with a current copy of the Declaration, Bylaws, House Rules and the Act. Minutes of all meetings shall include the recorded vote of each Director on all motions, except motions voted on in executive session.

Section 8. **REGULAR MEETINGS.** Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Directors of the Board, but at least one (1) such meeting shall be held during each calendar year. Notice of regular meetings of the Board shall be given to each Director of the Board personally or by first class mail, facsimile or electronic mail at least fourteen (14) business days, if practicable, prior to the day named for such meeting. Notice of all meetings of the Board shall be posted at two (2) or more prominent locations by the Managing Agent or a member of the Board within the Project seventy-two (72) hours prior to the meeting or, at the same time that notice is given to Directors.

Section 9. **BOARD MEETINGS OPEN TO OWNERS.** With the exception of executive sessions, all meetings of the Board shall be open to all members of the Association, and Association members who are not on the Board may participate in any deliberation or discussion unless a majority of a quorum of the Board determines that such non-Directors shall not so participate in the meeting.

Section 10. **EXECUTIVE SESSION.** The Board, with the approval of a majority of a quorum of the Directors, may adjourn a meeting and reconvene in private in executive session to discuss and vote upon personnel matters, collection actions contemplated or ongoing, individual rule enforcement against an Apartment Owner, response to claims or contemplated or ongoing litigation in which the Association is or may become involved. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 11. **SPECIAL MEETINGS.** Special meetings of the Board may be called by the President on three (3) business days' notice to each Director of the Board, given personally or by mail, facsimile transmission or electronic mail transmission (which notice shall state the time, place and purpose of the meeting), and on posting of notice, if practicable, as provided in Section 8. of this Article III. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice, if practicable, on the written request of at least two (2) Directors of the Board. Notwithstanding anything in these Bylaws to the contrary, to the extent permitted by applicable law, the Developer, when acting as the Board as provided in Article I, Section 1., may act without a formal meeting and without call or notice.

Section 12. **WAIVER OF NOTICE.** Any Director of the Board may at any time waive notice of any meeting of the Board in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all the Directors of the Board are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 13. **MEETINGS BY PHONE OR WRITTEN CONSENT.** Provided that all requirements of notice as provided herein have been complied with (or that the same have been waived or provided herein) and provided further that the provisions contained herein for meetings of the Board to be open to Apartment Owners have been complied with, the Board may conduct meetings by telephone or by unanimous decision in writing signed by all Board members.

Section 14. **QUORUM OF BOARD.** At all meetings of the Board, a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board present at a meeting at which a quorum is present shall constitute the decision of the Board. If at any meeting of the Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called, may be transacted without further notice.

Section 15. **FIDELITY BONDS.** The Board shall obtain a fidelity bond covering the acts of the Managing Agent and all members of the Board, trustees, officers, employees and volunteers of the Association handling or responsible for handling funds belonging to or administered by the Association, naming the Association as obligee and providing coverage in an amount not less than one and one half times the estimated operating expenses and reserve of the Association or the minimum amount required under the Act (i.e., \$500.00 multiplied by the number of Apartments in the Project), whichever is greater; provided that the amount of any such bond shall not be less than \$20,000.00 nor greater than \$100,000.00. The Association shall provide evidence of the fidelity bond to the Real Estate Commission of the State of Hawaii upon request. The premiums on such bond shall constitute a Common Expense. The Managing Agent shall likewise obtain a fidelity bond in the amount required by the Act and shall provide evidence of the same to the Association. The bond shall contain a provision that the bond cannot be canceled or substantially modified except by giving the Association, each Owner and each mortgagee or servicer of a mortgage on each Apartment notice of such cancellation or modification.

Section 16. **COMPENSATION.** No Director shall receive any compensation from the Association for acting as such, provided that Directors shall be entitled to reimbursement for expenses actually incurred in serving as a Director, except that no reimbursement shall be permitted for travel expenses, Directors' fees and per diem expenses, unless Owners are informed and a majority of Owners approve such expenses. The Directors may, however, expend Association funds, which shall not be deemed to be compensation to the Directors, to educate and train themselves in subject areas directly related to their duties and responsibilities as Directors; provided that the approved annual operating budget shall include these expenses as separate line items.

Section 17. **LIABILITY AND INDEMNITY OF THE BOARD AND OFFICERS.** The members of the Board and Officers shall not be liable to the Apartment Owners for any mistake of judgment or otherwise except for their own individual gross negligence or willful misconduct. The Association shall obtain and maintain at the Association's expense a policy of directors' and officers' errors and omissions insurance covering the Board and Officers of the Association with minimum coverage in such amount as shall be determined by the Board and shall defend and indemnify each Director and Officer of the Association against all costs, expenses and liabilities, including the amount of judgments, amounts paid in compromise settlements and amounts paid for reasonable attorneys' fees and other related expenses which may be incurred by or imposed on the Directors and Officers in connection with any claim, action, suit, proceeding, investigation or inquiry hereafter made, instituted, or threatened in which he may be involved as a party or otherwise by reason of his being or having been such Director or Officer, or by reason of any past or future action taken or authorized or approved by him or any omission to act as such Director or Officer, whether or not he continues to be such Director or Officer at the time of the incurring or imposition of such costs, expenses or liabilities, except such costs, expenses or liabilities as shall relate to matters as to which he is liable by reason of his gross negligence or willful misconduct toward the Association in the performance of his duties as such Director or Officer. As to whether or not a Director or Officer was liable by reason of gross negligence or willful misconduct toward the Association in the performance of his duties as such Director or Officer, in the absence of such final adjudication of the existence of such liability, each Director and Officer may conclusively rely upon an Opinion obtained by the Board's attorney. The foregoing right of indemnification shall not be exclusive of other rights to which any such Director or Officer may be entitled as a matter of law or otherwise, and shall inure to the benefit of the heirs, executors, administrators and assigns of each such Director and Officer. Any policy of Director's and Officer's liability insurance shall require the insurer, at the inception of the policy and on each anniversary date thereof, to provide the Board with a written summary of the policy, in layman's terms. The summary shall include the type of policy, a description of the coverage and the limits thereof, the amount of annual premium, and renewal dates. The Board shall provide this information to each Apartment Owner.

Section 18. **CONFLICT OF INTEREST.** A Director shall not vote at any Board meeting on any issue in which the Director has a conflict of interest. A member of the Board who has a conflict of interest on any

issue before the Board shall disclose the nature of the conflict of interest prior to a vote on that issue at the Board meeting, and the minutes of the meeting shall record the fact that a disclosure was made.

Section 19. **EMPLOYEES; BACKGROUND CHECK.** The Board and/or the Managing Agent is empowered to conduct a background check on an applicant for employment as a security guard or manager or for any position which allows the employee keys to or entry into the Apartments or Common Elements of the Project or access to Association funds upon the written authorization of the applicant. Before initiating or requesting such check, the Board or Managing Agent shall first certify that the signature on the authorization is authentic and that the person is an applicant for employment. The background check, at a minimum, shall require the applicant to disclose whether the applicant has been convicted, in any jurisdiction, of a crime, judgment from which has not been vacated, which would tend to indicate that the applicant may be unsuitable for employment as an employee of the Association with access to Association funds or the keys of or entry into the Apartments in the Project. The criminal history disclosure made by the applicant may be verified by the Board or Managing Agent by means of information obtained through the Hawaii Criminal Justice Data Center or any successor organization. The failure of the Association, Board or Managing Agent to conduct or verify a background check shall not give rise to a private cause of action against the Board or Managing Agent for acts and omissions of the employee or vendor hired.

## ARTICLE IV

### OFFICERS

Section 1. **DESIGNATION.** The principal officers of the Association shall be the President, the Vice President, the Secretary, and the Treasurer, all of whom shall be elected by the Board. The Board may appoint an Assistant Treasurer, an Assistant Secretary, and such other officers as in its judgment may be necessary. The President and Vice President shall be, but no other officers need be, Directors. The Secretary and the Treasurer may be the same person, and the Assistant Secretary and Assistant Treasurer may also be the same person. No employee of the Managing Agent shall be designated as an officer.

Section 2. **ELECTION OF OFFICERS.** The officers of the Association shall be elected annually at the annual meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. **REMOVAL OF OFFICERS.** Upon the affirmative vote of a majority of the Directors of the Board, any officer of the Association may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board, or at any special meeting of the Board, called for such purpose.

Section 4. **PRESIDENT.** The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board. He shall have all of the general powers and duties which are incident to the office of a president of a non-profit corporation organized under the laws of the State of Hawaii, including but not limited to the power to appoint committees from among the Apartment Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. He shall also have such other powers and duties as may be provided by these Bylaws or assigned to him from time to time by the Board.

Section 5. **VICE PRESIDENT.** The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to act in the place of the President, on an interim basis. The Vice President shall also perform such other powers and duties as shall from time to time be imposed upon him by the Board or by the President.

Section 6. **SECRETARY.** The Secretary shall keep the minutes of all meetings of the Apartment Owners and of the Board by using whatever method, media or program selected by the Board (i.e., a particular computer program, etc.) ("Program") which shall be the property of the Association to be kept for that purpose at the office of the Association. The Secretary shall also have charge of such documents, books, records and/or the Program as the Board may direct and shall keep the minute book wherein resolutions shall be recorded; and shall, in general, perform all the duties incident to the office of secretary of a non-profit corporation organized under the laws



of the State of Hawaii. The duties of the Secretary may be delegated to and performed by the Managing Agent under the Secretary's supervision.

Section 7. **TREASURER.** The Treasurer shall be responsible for the keeping of full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data and reports by using whatever Program selected by the Board. He shall be responsible for the deposit of all moneys and other valuable effects in such depositories as may from time to time be designated by the Board; and he shall, in general, perform all the duties incident to the office of Treasurer of a non-profit corporation organized under the laws of the State of Hawaii. The duties of the Treasurer may be delegated to the Managing Agent under the Treasurer's supervision.

Section 8. **AUDIT.** The Association shall require an annual audit of the books of the Association and no less than one yearly unannounced verification of the Association's cash balances by a public accountant. The Association shall engage a public accountant or accounting firm as auditor, who shall not be a Director or officer or own any interest in any Apartment, to audit the books and financial records of the Association. A copy of the annual audit shall be made available to each Apartment Owner at least thirty (30) days prior to the annual meeting which follows the end of the fiscal year. Requests to obtain either a summary of the annual report, or an unabridged copy of the annual audit report shall be made upon all official proxy forms. If the annual audit is not completed by the date of the annual Association meeting, the Board shall make available an unaudited year end financial statement until the audit is completed.

Section 9. **NOTIFICATION OF MAINTENANCE FEE INCREASES OR SPECIAL ASSESSMENTS.** The Managing Agent or the Board shall notify the Apartment Owners in writing of increases in any maintenance fee or of special assessments at least ninety (90) days prior to such increase or assessment.

Section 10. **EXECUTION OF AGREEMENTS, CONTRACTS, DEEDS, CHECKS, ETC.** All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by any two of the President, Vice President, Secretary or Treasurer, or by such other person or persons (including the Managing Agent) as may be designated in writing by the Board.

Section 11. **COMPENSATION OF OFFICERS.** Except as specifically authorized by the adopted Association budget or a Majority of Apartment Owners at a regular or special meeting, no officer shall receive any compensation from the Association for acting as such.

## **ARTICLE V**

### **REPAIR, MAINTENANCE, AND USE**

#### **Section 1. REPAIR AND MAINTENANCE.**

(a) Every Owner from time to time and at all times shall perform promptly all repair, maintenance and alteration work within his Apartment the omission of which, as determined by the Board, would adversely affect any Common Element, any other Apartment, or the exterior appearance of the Project, and shall be responsible for all loss and damage caused by his failure to do so.

(b) All repairs of internal installations within each Apartment such as water, light, gas (if any), power, sewage, telephone, sanitation, doors, windows, lamps, and all other appliances, equipment, fixtures and accessories belonging to such Apartment, including interior walls and partitions, the inner decorated or finished surfaces of the perimeter walls, floors, and ceilings of such Apartment, and the Limited Common Elements appurtenant to the Apartment, shall be at the responsibility of the Owner of such Apartment and Owner's sole cost and expense.

(c) Any repair, maintenance or alteration work which may affect the Common Elements in a material way shall be performed by a licensed contractor, unless such requirement is waived by the Board.

(d) Every Owner shall reimburse the Association for any expenditures incurred in repairing damage to, or in preventing or attempting to prevent damage to the Common Elements or to another Apartment, or to furniture, furnishings, or other property of any other Apartment Owner damaged or lost through the fault of such Owner or any person using the Project under him, and such Owner shall give prompt notice to the Managing Agent of any such damage, loss, or other defect when discovered.

(e) Except as permitted in the Declaration, no Owner shall make any addition or alteration in or to his Apartment.

(f) No Owner shall use or keep anything on the grounds or any Common Element (excluding all Limited Common Elements) not located within his Apartment which would in any way hinder the full use and enjoyment thereof by any other Owner or occupant.

(g) Except to the extent provided in the Declaration with respect to the maintenance and repair of certain Limited Common Elements, all maintenance, repairs and replacements to the Common Elements shall be made by, or caused to be made by the Managing Agent, under the supervision of the Board, and shall be charged, subject to the provisions of the Declaration, to all Owners or to all affected Owners, as appropriate, as a Common Expense, unless necessitated by the negligence, misuse or neglect of an Apartment Owner, in which case such expense shall be charged to such Apartment Owner as a special assessment enforceable under Section 4., Article VI of these Bylaws. Maintenance of the landscaping of the Project is also the responsibility of the Managing Agent, under the supervision of the Board, and no Owner shall alter or affect the appearance thereof.

(h) Subject to the provisions of the Declaration, including, without limitation, those provisions regarding the maintenance of Limited Common Elements, whenever in the judgment of the Board or the Managing Agent the Common Elements shall require additions or alterations, the Board or the Managing Agent may proceed with such additions or alterations and shall assess all Owners for the cost thereof as a Common Expense.

Section 2. **USE.** The Apartments of the Project shall be used only for the purposes set forth in the Declaration, these Bylaws and the House Rules and for no other purpose.

The following provisions regarding use and occupancy shall also apply:

(a) Except as permitted by the Declaration, no Owner or occupant of an Apartment shall post any advertisement, bill, poster, or other sign on or about the Project, except as authorized by the Board.

(b) All Owners and occupants shall exercise extreme care about causing or permitting excessive noises that may disturb other occupants.

(c) No Owner or occupant shall permit any guest visiting with him to loiter in any common areas of the Project.

(d) No garbage, refuse, or trash of any kind shall be thrown, placed or kept on any Common Element other than within disposal facilities provided for such purposes.

(e) Except as otherwise permitted by the Declaration, no Owner or occupant shall install any wiring or other device for electrical or telephone installations, television, antenna, machines, or other equipment or appurtenances on the exterior of the buildings or protruding through the perimeter walls, windows, or roof thereof, without the prior written consent of the Board.

(f) Nothing shall be allowed, done, or kept in any Apartment which will overload or impair the floors, walls, or roofs of the buildings in which the Apartment is located, or cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance maintained by or for the Board with respect thereto, nor shall any noxious or offensive activity or nuisance be made or suffered thereon.

(g) In furtherance of a uniform exterior appearance of the Apartments, except as permitted by the Declaration, no Owner or occupant of an Apartment shall do anything to change the external appearance of the buildings in which such Apartment is located, without the prior written consent of the Board.

(h) All items of equipment belonging to the Project, shall be subject to rules and regulations adopted from time to time by the Board, in the Board's discretion.

(i) Except for certified assistance animals or as otherwise approved by the Board, no animals shall be permitted to be kept in any Apartment, in the Limited Common Elements or in the Common Elements of the Project. Further, nothing herein shall hinder full access to the Apartments or other portions of the Project by physically challenged persons.

Section 3. **EXEMPTIONS FOR PERSONS WITH DISABILITIES.** Notwithstanding anything to the contrary contained in these Bylaws, the Declaration or the House Rules, Owners with disabilities shall be permitted to make reasonable modifications to their Apartments and/or Common Elements, at their expense (including the cost of obtaining any bonds required by the Declaration, these Bylaws or the Act), if such modifications are necessary to enable them to use and enjoy their Apartments and/or the Common Elements, as the case may be, provided that any Owner with a disability desiring to make such modifications shall make such request, in writing, to the Board of Directors. That request shall set forth, with specificity and in detail, the nature of the request and the reason that the requesting party needs to make such modifications. The Board of Directors shall not unreasonably withhold or delay their consent to such request, and any such request shall be deemed to be granted if not denied in writing, within forty-five (45) days of the Board's receipt thereof, or within forty-five (45) days of the Board's receipt of additional information reasonably required in order to consider such request, whichever shall last occur. Nothing contained in this Section shall exempt an Owner from making all amendments to these Bylaws, the Declaration or the Condominium Map necessitated by any changes under this Section.

## **ARTICLE VI**

### **COMMON EXPENSES, APARTMENT EXPENSES AND TAXES**

#### **Section 1. COMMON EXPENSES.**

(a) As provided in the Declaration, the Owner of each Apartment shall be liable for and pay a share of the Common Expenses in an amount equal to his proportionate share of the Common Interest. No Owner may exempt himself from liability for contribution towards the common expenses by waiver of the use or enjoyment of any of the common elements or by abandonment of the Apartment. In the event that the Owner shall be a vendee under an Agreement of Sale, the vendor shall also be responsible, along with vendee for the payment of a share of the Common Expenses. In addition to the provisions for Common Expenses contained in the Declaration, Common Expenses shall include all charges, costs and expenses whatsoever incurred by the Association for and in connection with the administration, management, maintenance, renovation and operation of the Project, including without limitation all charges for taxes (except real property taxes and other such taxes which are or may hereafter be assessed separately on each Apartment and the Common Interest in the Common Elements appertaining thereto or the personal property or any other interest of the Owner), assessments, insurance, including property, casualty and Director's and Officer's errors and omissions policies, and other casualty and liability insurance, any liability whatsoever for loss or damage arising out of or in connection with the Common Elements or any fire, accident or nuisance thereon, cost of repair, reinstatement, rebuilding and replacement of the premises, systems, furniture, fixtures, equipment, yard and landscaping, janitorial, and other similar services, wages, accounting and legal fees, management fees, start-up fees, recreational, and other necessary expenses of upkeep, maintenance, management and operation actually incurred on or for the Common Elements, including Limited Common Elements, any resort-related assessments (to the extent required by the Board) and the cost of all utility services, including water, electricity, gas, garbage disposal, telephone, and any other similar services, unless separately metered or otherwise separately attributable to an Apartment or group of Apartments, in which case the amounts charged or attributable to each Apartment or group of Apartments, as determined by the Board with the advice of an engineer or a public accountant, or other such consultant shall be payable by the Owner of such Apartment or Owners of Apartments as the case may be as a surcharge or special assessment or shall be payable directly to the utility company if a separate bill is rendered. The Common Expenses may also include such amounts as may be required, by special assessment,

for the purchase or lease of any Apartment by the Board or its designee, corporate or otherwise, on behalf of the Association, as permitted under the laws of the State of Hawaii or these Bylaws; provided, however, that the Board may not acquire and hold by way of lease or purchase more than one (1) Apartment, without first obtaining the approval of the Owners having at least sixty-five percent (65%) of the Common Interests.

(b) The Board shall establish and maintain a General Operating Reserve by monthly assessment against (and payment by) all Owners in proportion to their respective Common Interests in such additional amount as the Board determines to be adequate to provide financial stability in the administration of the Project, which additional amount shall be deemed conclusively to be savings of the Owners held for their benefit for Common Expenses not payable from monthly assessments. The funds in the General Operating Reserve shall not be commingled with funds of other activities such as lease rent collections and rental operations, nor shall the Managing Agent commingle any Association funds with the Managing Agent's own funds. The Board shall deposit the General Operating Reserve in an account with a safe and responsible depository as required by Section 9. of this Article VI. At the discretion of the Board, the General Operating Reserve may be used to meet any deficiencies in operating funds from time to time resulting from delinquency by Owners in the payment of assessments for Common Expenses but shall not operate to exempt any Owner from liability to contribute his proportionate share of such expenses or to pay any such assessments therefor, and any funds withdrawn from the General Operating Reserve for that purpose shall be reimbursed upon the payment of such delinquent assessments. The General Operating Reserve may also be used to replace Common Elements as determined by the Board from time to time. The proportionate interest of each Owner in the General Operating Reserve shall not be withdrawn, partitioned or assigned separately but shall be deemed to be transferred with each Apartment even though not mentioned or described expressly in the instrument of transfer. If the condominium property regime established by the Declaration is terminated, the General Operating Reserve remaining after payment of all Common Expenses shall be distributed to all Owners in proportion to their respective Common Interests, provided that in the event the condominium property regime shall be reconstituted after termination as a condominium property regime as to less than the entire original Project, the share of the Apartment Owners who will become Apartment Owners under the reconstituted condominium property regime shall be paid to the Association for the reconstituted condominium property regime.

(c) From time to time, as specifically directed by the Association at any annual or special meeting, the Board may establish and maintain a Capital Improvements Reserve Fund and one (1) or more subparts thereof, by the monthly assessment against and payment by all the Owners in proportion to their respective Common Interests. Each subpart of the Capital Improvements Reserve Fund shall be earmarked for specific new improvements or additions to the Project which shall have been specifically authorized by the Association at any annual or special meeting, and the amount of each such subpart of the Capital Improvements Reserve Fund shall be such annual amount as the Association determines to be adequate (but no more) to provide for specific new improvement or addition to the Project. The assessments for each such subpart of the Capital Improvements Reserve Fund shall be deemed conclusively to be savings of the Owners held for their benefit for Common Expenses of a capital nature. Disbursements from said Capital Improvements Reserve Fund shall be made only upon authorization of the Board. The proportionate interests of each Owner in said Capital Improvements Reserve Fund and all interest earned thereon shall not be withdrawn, partitioned or assigned separately but shall be deemed to be transferred with each Apartment even though not mentioned or described expressly in the instrument of transfer. If the Condominium property regime established hereby is terminated, or if the Capital Improvements Reserve Fund or subpart thereof exceeds the cost of the particular new improvement or addition to the Project, or if the planned improvement is for any reason not implemented within a reasonable time (in any event not more than ten (10) years) after creation of said Capital Improvements Reserve Fund or subpart thereof, said Capital Improvements Reserve Fund remaining shall be distributed to all Owners in proportion to their respective Common Interests, provided that in the event the Condominium property regime shall be reconstituted after termination as a Condominium property regime as to less than the entire original Project, the share of the Apartment Owners who will become Apartment Owners under the reconstituted Condominium property regime shall be paid to the Association for the reconstituted Condominium property regime.

(d) At the end of any year, if there shall be any excess assessments or General Operating Reserve or Capital Improvements Reserve Fund on hand, and if such funds shall be qualified to be treated as "exempt function income," as that term is defined by Internal Revenue Code Section 528, then the Association may file such documents as may be required to have such income treated as tax exempt.

**Section 2. COLLECTION AND PAYMENT OF COMMON EXPENSES.** All Owners shall pay to the Association or the Managing Agent all monthly and special assessments of the Common Expenses against their respective Apartments as the Board from time to time may approve as being necessary or advisable for the payment of or other provision for the Common Expenses of the Project. Except as otherwise provided in these Bylaws or the Declaration, all of such assessments shall be assessed among and against the Apartments in proportion to their respective Common Interests. Regular monthly assessments shall be payable in advance on or before the first day of each and every month and without notice or demand. Special assessments for Common Expenses and costs, expenses and fees recoverable by the Association under Section 514A-94 of the Act and the provisions of these Bylaws, and any penalties and late charges shall be payable upon request therefor as from time to time rendered by the Board or the Managing Agent. Special assessments may be made, without limitation, to cover shortfalls in the budget or to cover an expense directly attributable to a particular Owner or the activities of such Owner or his guests or visitors. The Association will pay or cause to be paid, for and on behalf of the Owners, all Common Expenses. The Board will annually render or cause to be rendered a statement to each Owner of all receipts and disbursements during the preceding year. Members of the Board and the Managing Agent shall not be liable as principals to third persons for the obligations of the Association or of any Owner or Owners. No Owner shall withhold any assessments claimed by the Association. An Owner who disputes the amount of an assessment may request a written statement clearly indicating 1) the amount of common expenses included in the assessments, including the due date of each amount claimed; 2) the amount of any penalty, late fee, lien filing fee, any other charge included in the assessment; 3) the amount of attorneys' fees and costs, if any, included in the assessments; 4) that under Hawaii law, an Owner has no right to withhold assessments for any reason; 5) that an Owner has a right to demand mediation or arbitration to resolve disputes about the amount or validity of an Associations assessment, provided the Owner immediately pays the assessment in full and keeps assessments current; and 6) that payment in full of the assessment does not prevent the Owner from contesting the assessment or reclaiming a refund of amounts not owed.

**Section 3. TAXES AND ASSESSMENTS.** Except as may be otherwise provided in the Declaration, each Owner of an Apartment shall be obligated to have the real property taxes for his own Apartment and its appurtenant interest in the Common Elements assessed separately by the proper governmental authority and to pay the amount of all such real property taxes so determined. The foregoing sentence shall apply to all types of taxes which now are or may hereafter be assessed separately by law on each Apartment and the Common Interest in the Common Elements appertaining thereto or the personal property or any other interest of the Owner. Each Owner shall execute such documents and take such action as may be reasonably specified by the Board to facilitate dealing with the proper governmental authority regarding such taxes, other taxes and assessments. Each Owner shall be obligated to pay to the Board his proportionate share of any assessment by the Board for any portion of taxes or assessments, if any, assessed against the entire premises or any part of the Common Elements as a whole and not separately, such payment to be made as directed by the Board. If, in the opinion of the Board, any taxes or assessments may be a lien on the entire premises or any part of the Common Elements, the Board may pay such taxes or assessments and shall assess the same to the Owners in their proportionate share as determined by the Board. Such assessments by the Board shall be secured by the lien created by Section 4. of this Article VI.

**Section 4. DEFAULT IN PAYMENT OF ASSESSMENTS; LIEN.** Each monthly assessment, each special assessment and each obligation of an Owner under these Bylaws, Declaration and House Rules, which is enforceable as a special assessment shall be separate, distinct and personal debts and obligations of the Owner against whom the same are assessed. All sums chargeable to an Apartment for Common Expenses which have been assessed but which are unpaid shall constitute a lien against the Apartment; the priority of such lien shall be as set forth in the Act. If the Owner shall fail to pay his assessment when due, then he shall pay an additional assessment of Fifty and No/100 Dollars (\$50.00) for each such failure and all delinquent assessments shall bear interest at the rate of one percent (1%) per month from the assessment due date, provided that this Fifty and No/100 Dollar (\$50.00) limit and applied interest rate may be adjusted from time to time by the Board at its discretion. In the event of a default or defaults in payment of any such assessment or assessments, in addition to any other remedies herein or by law provided hereof, the Board may enforce each such obligation as follows:

(a) By suit or suits at law to enforce each such assessment obligation. Each such action must be authorized by a majority of the Board at a regular or special meeting thereof and any such suit may be instituted on behalf of the Association, by the Board or by the Managing Agent, if the latter is so authorized by the Board in writing. Each such action shall be brought in the name of the Association by its Board and the Board

shall be deemed to be acting on behalf of all the Owners. Any judgment rendered in any such action shall include, where permissible under any law, interest and a sum for reasonable attorneys' fees and costs in such amount as the Court may adjudge against such defaulting Owner. Upon full satisfaction of any such judgment, it shall be the duty of the Board to authorize any two (2) Directors thereof, acting in the name of the Board, to execute and deliver to the judgment debtor an appropriate satisfaction thereof. An Owner who pays the Association the full amount claimed by the Association may file an action in small claims court or require the Association to mediate. If unable to resolve the dispute through mediation, either party may file for arbitration under Part VII of the Act. The Owner shall be entitled to a refund of any amounts paid to the Association not owed.

(b) At any time after the occurrence of any such default, the Board (acting upon the authorization of the majority thereof at any regular or special meeting) may give a notice to the defaulting Owner, with a copy to the mortgagee of such Owner, if such mortgagee has furnished its name and address to the Board, which said notice shall state the date of the delinquency, the amount of the delinquency and make a demand for payment thereof. Any Owner and any holder, insurer or guarantor of a mortgage on any Apartment may file a written demand for notice with the Board; upon filing such demand, such party will be entitled to receive written notice from the Board of any delinquency in the payment of assessments with respect to the Apartment in excess of sixty (60) days. If such delinquency is not paid within ten (10) days after delivery of such notice, the Board may elect to record at said Land Court a notice of lien against the Apartment of such delinquent Owner. Such notice of lien shall state (1) the name of the delinquent Owner or reputed Owner, (2) a description of the Apartment against which claim of lien is made, (3) the amount claimed to be due and owing (including any applicable fees, charges and penalties)(with any proper offset allowed), (4) that the claim of lien is made by the Board pursuant to the terms of these Bylaws and the Act, and (5) that a lien is claimed against said described Apartment in an amount equal to the amount of the stated delinquency. Any such notice of lien (or the release thereof) shall be signed and acknowledged by any two (2) members of the Board or by the Managing Agent acting on the direction of the Board and shall be dated as of the date of the execution by the last such Board member (or Managing Agent) to execute said notice of lien. Upon recording of a duly executed original or copy of such notice of lien at said Land Court, the Board shall have all remedies provided in the Act. Each default shall constitute a separate basis for a notice of lien or a lien. Such lien may be enforced by the Association in any manner permitted by law, including nonjudicial or power of sale foreclosure procedures authorized by Chapter 667 of the Hawaii Revised Statutes, as amended, and the Association shall be entitled to all such fees and expenses as may be allowed by law. The Managing Agent or the Board, acting on behalf of the Association, may bid on the Apartment at the foreclosure sale, and acquire and hold, lease, mortgage, and convey the Apartment. Action to recover a money judgment for unpaid common expenses shall be maintained without foreclosing or waiving the lien securing the same.

(c) As an alternative to foreclosure proceedings, where an Apartment is owner-occupied, the Association may authorize its Managing Agent or Board to, after sixty (60) days' written notice to the Owner and the first mortgagee of such non-payment, terminate the delinquent Apartment's access to the common elements and cease supplying a delinquent Apartment Owner with any and all services normally supplied or paid for by the Association. Any terminated services and privileges shall be restored upon payment of all delinquent assessments.

(d) For the purposes of this Section 4., a certificate executed by any two (2) members of the Board or by the Managing Agent shall be conclusive upon the Board and the Owners in favor of any and all persons who rely thereon in good faith as to the matters therein contained, and any Owner shall be entitled to such a certificate setting forth the amount of any due and unpaid assessments with respect to his Apartment (or the fact that all assessments due are paid if such is the case) within fifteen (15) days after demand therefor and upon payment of a reasonable fee not to exceed Fifty and No/100 Dollars (\$50.00), provided that this Fifty and No/100 Dollar (\$50.00) limit may be adjusted from time to time at the discretion of the Board.

(e) In a voluntary conveyance, the grantee of an Apartment is jointly and severally liable with the grantor for all unpaid assessments against the grantor for the grantor's share of the common expenses. Any grantor or grantee is entitled to a statement of the unpaid assessments. The grantee is not liable for any unpaid assessments against the grantor in excess of the amount on the statement, except as to the amount of subsequently dishonored checks received within the thirty (30) day period immediately preceding the statement date noted in the statement.

(f) The acquirer of title and the acquirer's successors and assigns pursuant to foreclosure of the mortgage shall not be liable for the share of common expenses or assessments by the Association for the apartment. The unpaid share of common expenses or assessments shall be deemed collectible from all the Apartment Owners including the acquirer and the acquirer's successors and assigns.

Section 5. **COLLECTION FROM TENANT.** If the Owner shall at any time rent or lease his Apartment and shall default for a period of thirty (30) days or more in the payment of the Owner's monthly or special assessments, the Board may, at its option, so long as such default shall continue, demand and receive from any renter or lessee (hereinafter in this paragraph referred to as "lessee") of the Owner occupying the Apartment, the rent due or becoming due from such lessee to the Owner up to an amount sufficient to pay all sums due from the Owner, including interest, if any, and any such payment of such rent to the Board by the lessee shall be sufficient discharge of such lessee, as between such lessee and the Owner to the extent of the amount so paid; but any such demand or acceptance of rent from any lessee shall not be deemed to be a consent to or approval of any lease by the Owner or a release or discharge of any of the obligations of the Owner hereunder or an acknowledgment of surrender of any rights or duties hereunder. If the Board makes demand upon the lessee as aforesaid, the lessee shall not have the right to question the right of the Board to make such demand, but shall be obligated to make the said payments to the Board as demanded by the Board with the effect as aforesaid, provided, however, that the Board may not exercise this right if a receiver has been appointed to take charge of the premises pending a mortgage foreclosure or if a mortgagee is in possession pending a mortgage foreclosure.

Section 6. **ATTORNEYS' FEES AND EXPENSES OF ENFORCEMENT.**

(a) All costs and expenses, including reasonable attorneys' fees and costs, incurred by or on behalf of the Association by the Board for:

- (1) Collecting any delinquent assessments against any Owner's Apartment;
- (2) Foreclosing any lien thereon;
- (3) Enforcing any provision of the Declaration, Bylaws, House Rules and/or the Act; or
- (4) Enforcing the Rules of the Real Estate Commission;

against an Owner, occupant, tenant, employee of an owner, or any person who may in any manner use the Project shall be promptly paid on demand to the Board by such person or persons; provided that if the claims upon which the Board takes any action are not substantiated, all costs and expenses, including reasonable attorneys' fees and costs, incurred by any such person or persons as a result of the action of the Board, shall be promptly paid on demand to such person or persons by the Board on behalf of the Association, as a Common Expense.

(b) If any claim by an Owner is substantiated in any action against the Association, any of its officers or Directors, or its Board to enforce any provision of the Declaration, these Bylaws, the House Rules, or the Act, then all reasonable and necessary expenses, costs and attorneys' fees incurred by such Owner shall be awarded to such Owner; provided that no such award shall be made in any derivative action unless the requirements of Section 514A-94, Hawaii Revised Statutes are complied with.

(c) Any holder, insurer or guarantor of a mortgage on any Apartment may file a written demand for notice with the Board through the Secretary of the Association or the Managing Agent; upon filing such demand, such party shall be entitled to receive written notice from the Board of any default by the Owner of such Apartment arising under the Declaration, Bylaws or House Rules, which default has continued for not less than sixty (60) days.

(d) Any person who embezzles or knowingly misapplies Association funds received by a Managing Agent or Association shall be guilty of a Class C felony.

Section 7. **WAIVER.** The failure of the Board to insist in any one or more instances upon a strict performance of or compliance with any of the covenants of an Owner hereunder or to exercise any right or option herein contained, or to serve any notice, or to institute any action or summary proceeding, shall not be construed as a waiver, or a relinquishment for the future, of such covenant or option or right, but such covenant or option or right shall continue and remain in full force and effect. The receipt by the Board of any sum paid by the Owner hereunder, with or without knowledge by the Board of the breach of any covenant hereof, shall not be deemed a waiver of such breach, and no waiver, express or implied by the Board of any provision hereof, shall be deemed to have been made unless expressed in writing and signed by an authorized signatory pursuant to authority contained in a general or specific resolution of the Board.

Section 8. **FINANCIAL RECORDS.**

(a) The Board, or the Managing Agent at the direction and under the supervision of the Board, shall maintain, at the Project or at such other place within the State of Hawaii as may be designated by the Board, accurate and detailed books of account and other financial records, including the receipts and expenditures affecting the common elements, in chronological order specifying and itemizing the maintenance and repair expenses of the common elements and any other expenses incurred. The Board or Managing Agent shall also keep monthly statements indicating the total and current delinquent dollar amount of any unpaid assessments for Common Expenses. The financial records of the Association, including such records, invoices, correspondence, vouchers and statements, shall be available at all reasonable and convenient hours of business weekdays for examination and copying by any Owner at his cost, all as is more fully set forth in Section 17. of Article X.

(b) Neither the Board nor Managing Agent shall transfer by telephone any Association funds between accounts including, but not limited to, the general operating account and General Operating Reserve and Capital Improvements Reserve Fund accounts.

(c) The funds in the General Operating Account of the Association shall not be commingled with funds of other activities, such as rental operations, nor shall the Managing Agent commingle any Association funds with its own funds. The Managing Agent shall keep and disburse funds collected on behalf of the Owners in strict compliance with any agreement made with the Owners, Chapter 467 of the Hawaii Revised Statutes, and other applicable laws.

(d) Upon written request from any governmental agency, holder, insurer or guarantor of any first mortgage that is secured by an Apartment in the Project, person or entity which has a current or prospective interest in the Project, the Association shall prepare and furnish, within one hundred twenty (120) days of the Association's fiscal year-end, an audited financial statement of the Association for the immediately preceding year.

Section 9. **DEPOSITS IN FINANCIAL INSTITUTIONS.** All funds collected by the Managing Agent shall be:

(a) deposited in financial institutions located in the State whose deposits are insured by an agency of the United States government; or

(b) held by a corporation authorized to do business as a trust company under Hawaii Revised Statutes Chapter 406; or

(c) held by the United States Treasury; or

(d) purchased in the name of and held for the benefit of the Association through a securities broker that is registered with the Securities Exchange Commission, has an office in the State of Hawaii, and the accounts of which are held by member firms of the New York Stock Exchange or National Association of Securities Dealers and insured by the Securities Insurance Protection Corporation or their respective successor entities.



## ARTICLE VII

### INSURANCE AND RESTORATION

Section 1. **PROPERTY INSURANCE.** The Association acting through the Board shall procure, purchase, and at all times maintain, insurance from an insurance carrier which has at least a B general policyholder's rating and a "6" or better financial performance index rating in Best's Insurance Reports, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's Insurance Reports International Edition, an "A" or better rating in Demotech's Hazard Insurance Financial Stability Ratings, a "BBBq" qualified solvency rating or a "BBB" or better claims-paying ability rating in Standard and Poor's Insurer Solvency Review, or a "BBB" or better claims-paying ability rating in Standard and Poor's International Confidential Rating Service, and which covers the Project, including, without limitation, the fixtures, equipment, and Common Elements and, whether or not part of the Common Elements, all exterior and interior walls, floors, and ceilings, and, at the option of the Association, all exterior glass, in accordance with the as-built condominium plans and specifications, together with all air conditioning, heating, boiler and machinery and other service type equipment contained in the Project, against loss or damage by fire, with endorsements, to the extent available, for extended coverage, inflation, construction code (if there is a construction code provision that would require changes to undamaged portions of the Project even where only part of a building or structure is destroyed by an insured hazard), vandalism and malicious mischief and, during time of war, to the extent that the same is reasonably available, against war risks (from any source), sufficient to provide for the repair or replacement thereof in the event of such loss or damages. The insurance policy or policies ("Policy"):

(a) shall contain no provision limiting or prohibiting other insurance by the Owner of any Apartment, such right being provided by statute but, if obtainable, shall provide that the liability of the insurer shall not be affected by, nor shall the insurer claim any right of set-off, counterclaim, apportionment, proration, or contribution by reason of any such other insurance. If any loss intended to be covered by insurance carried by the Board shall occur and the proceeds payable thereunder shall be reduced by reason of any insurance carried by any Apartment Owner, such Apartment Owner shall assign the proceeds of such insurance carried by it, to the extent of such reduction to the Board for application to the same purposes as the reduced proceeds are to be applied;

(b) shall contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased in the building(s), whether or not within the control or knowledge of the Association or Board or, if obtainable, shall contain no provision relieving the insurer from liability by reason of any breach of warranty or condition caused by the Association or the Board or the Owner or tenant of any Apartment or any other person under any of them, or by reason of any act or neglect of the Association or the Board or the Owner or tenant of any Apartment or any other person under any of them;

(c) shall provide that the Policy may not be cancelled or substantially modified (whether or not requested by the Association) except by giving to the Association and the Board and to the Owner and mortgagee of each Apartment who shall have requested such notice of the insurer in writing thirty (30) days' written notice of such cancellation;

(d) shall contain a provision waiving any right of subrogation by the insurer to any right of the Association, Board, or Owner against any of them or any other persons under them;

(e) shall contain a provision waiving any right of the insurer to repair, rebuild or replace if a decision is made pursuant to Section 5. of this Article VII not to repair, reinstate, rebuild or restore the damage or destruction;

(f) shall provide that any loss shall be adjusted with the Association and the mortgagee of any Apartment directly affected by the loss;

(g) shall contain a standard mortgage clause which:

(1) shall name the holder of any mortgage affecting any Apartment whose name shall have been furnished to the Board;

(2) shall provide that the insurance as to the interest of the mortgagee shall not be invalidated by any act or neglect of the Association, Board, or the Owner or tenant of any Apartment or any person under any of them;

(3) shall waive any requirement invalidating such mortgagee clause by reason of the failure of the mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that the mortgagee pay any premium (provided, however, in case the Association shall fail to pay the premium due or to become due under the policy, the mortgagee may pay the same prior to the effective date of the termination of the policy), any contribution clause, and any right to be subrogated to the right of any mortgagee against the Owner or lessee of any Apartment or the Association or the Board or to require an assignment of any mortgage to the insurer;

(4) shall provide that without affecting the protection afforded to the mortgagee by such mortgagee clause, any proceeds payable under such clause shall be payable to a corporate trustee selected by the Board who shall be a substantial bank or trust company doing business in Hawaii, herein referred to as the "Insurance Trustee" or "Trustee;"

(5) shall provide that any reference to a mortgagee in the Policy shall include all mortgagees on any Apartment, in order of preference whether or not named therein;

(h) shall provide for payment of the proceeds to the Insurance Trustee and that any Insurance Trust Agreement will be recognized;

(i) shall contain a provision requiring the insurance carrier, at the inception of the Policy and on each anniversary date thereof, to provide the Board with a written summary, in layman's terms, of the Policy. The summary shall include the type of Policy, a description of the coverage and the limits thereof, amount of annual premium, and renewal dates. The Board shall provide this information to each Apartment Owner;

(j) shall have a maximum deductible amount of the lesser of TEN THOUSAND AND NO/100 dollars (\$10,000.00) or one percent (1%) of the policy face amount; funds to cover these deductible amounts shall be included in the Association's General Operating Reserve;

(k) shall have a "loss payable" clause showing the Association or the Insurance Trustee as trustee for each Owner and the holder of each Apartment's mortgage.

**Section 2. GENERAL LIABILITY INSURANCE.** The Association shall procure and maintain from a reputable company or companies a policy or policies (herein called the "Policy") of Public Liability Insurance to insure the Association, the Board, the officers, each Apartment Owner, and the Managing Agent and other employees of the Association against claims for personal injury, death and property damage arising out of the condition of the Project or activities thereon or on sidewalks or contractors of construction work under a Commercial General Liability form to include but not to be limited to (1) Water Damage Legal Liability and (2) Fire Damage Legal Liability. Premiums shall be common expenses. The Policy:

(a) shall contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased in the buildings, whether or not within the control or knowledge of the Association or the Board, or by any breach of warranty or condition caused by the Owner of any Apartment, or by any act or neglect of the Association, the Board, or the Owner of any Apartment or any persons under any of them;

(b) shall contain minimum limits of not less than ONE MILLION AND NO/100 dollars (\$1,000,000.00) for injury to one or more persons in any one accident or occurrence and THREE HUNDRED THOUSAND AND NO/100 dollars (\$300,000.00) for property damage, or such higher limits as the Board may from time to time establish with due regard to then prevailing prudent business practice;

(c) to the extent reasonably obtainable, shall contain a waiver by the insurer of any right of subrogation to any right of the Association, the Board, or the Owner of any Apartment against any of them or any other persons under them;

(d) contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of the Apartment Owner because of the negligent act of the Association or any other Apartment Owner;

(e) shall include, without limitation, legal liability coverage arising out of lawsuits related to employment contracts of the Association; and

(f) shall provide that the Policy may not be canceled or substantially modified (whether or not requested by the Association) except by giving to the Association and the Board and to the Owner and mortgagee of each Apartment who shall have requested such notice of the insurer, in writing, thirty (30) days' written notice of such cancellation or modification.

Section 3. **FLOOD INSURANCE AND INSURANCE AGAINST ADDITIONAL RISKS.** If the Project is located in an identified flood hazard area as designated by the federal Department of Housing and Urban Development, the Association shall procure, purchase and at all times maintain flood insurance under the provisions of the federal Flood Disaster Protection Act of 1973 with the same coverage and terms as required for property insurance under Section 1. of this Article VII, in an amount equal to at least the lesser of one hundred percent (100%) of the insurable value of the Project or the maximum coverage available under the appropriate National Flood Insurance Administration program; provided, however, that the maximum deductible amount shall be the lesser of FIVE THOUSAND AND NO/100 dollars (\$5,000.00) or one percent (1%) of the policy's face amount. The Association may also procure insurance against such additional risks as the Association may deem advisable for the protection of the Apartment Owners of a character normally carried with respect to properties of comparable character and use in the State of Hawaii.

Section 4. **MISCELLANEOUS INSURANCE PROVISIONS.** The Association acting through the Board shall use its best efforts to obtain and maintain all insurance required hereunder. The Board shall review not less frequently than annually the adequacy of its insurance program and shall report in writing the Board's conclusions and action taken on such review to the Owner of each Apartment, and to the holder, insurer or guarantor of any mortgage on any Apartment who shall have requested a copy of such report. At the written request of the holder, insurer or guarantor of any mortgage of any Apartment, stating both its name and address and the number of the Apartment on which it has (or insures or guarantees) the mortgage, and at the expense of such holder, insurer or guarantor, the Board shall furnish to such party a copy of the Policy described in Section 1. of this Article VII and of any other Policy to which a mortgagee endorsement shall have been attached, and proof satisfactory to such mortgagee that payment of premiums on such policy has been made for the period for which the party may request such proof. Copies of every policy of insurance procured by the Association and any summary of such policies in layman's terms provided by insurance carriers shall be available for inspection by any Apartment Owner (or purchaser holding a contract to purchase an interest in an Apartment) at the office of the Managing Agent. Any holder, insurer, or guarantor of a mortgage on any Apartment may file a written demand for notice with the Board; upon filing such demand, the party will be entitled to receive notice of any casualty loss to the Apartment or to the Project. Any coverage procured by the Association shall be without prejudice to the right of the Owners of Apartments to insure such Apartments and the contents thereof for their own benefit at their own expense. A holder, insurer or guarantor of a first mortgage, upon written request to the Association, which request must state the name and address of such holder, insurer or guarantor and the apartment number, will be entitled to timely written notice of any lapse, cancellation or material modification of any insurance policy maintained by the Association pursuant to these Bylaws.

Section 5. **DAMAGE AND DESTRUCTION.** If the buildings are damaged by fire or other casualty which is insured against and said damage is limited to a single Apartment, the insurance proceeds shall be used by the Trustee for payment of the contractor employed by the Board to rebuild or repair such Apartment, including paint, floor covering and fixtures, in accordance with the original plans and specifications therefor (and including improvements of the Apartment Owner but only if such improvements are covered by insurance carried by the Board pursuant to Paragraph (a) of Section 1. of this Article and then only to the extent made possible by actual

recovery of the insurance proceeds thereunder). If such damage extends to two or more Apartments or extends to any part of the Limited Common Elements or to the Common Elements:

(a) The Board shall thereupon contract to repair or rebuild the damaged portions of the building or buildings, including all Apartments so damaged, as well as the Common Elements, in accordance with plans and specifications therefor, (and including improvements of the Apartment Owner but only if such improvements are covered by insurance carried by the Board pursuant to Paragraph (a) of Section 1. of this Article VII and then only to the extent made possible by actual recovery of the insurance proceeds thereunder), which will restore the same to the design immediately prior to destruction, or if reconstruction in accordance with said design is not permissible under the laws then in force, in accordance with such modified plan as shall be previously approved by the Board as provided in the Declaration; provided that in the event said modified plan or any decision not to rebuild made pursuant to the Declaration eliminates any Apartment and such Apartment is not reconstructed, the Insurance Trustee shall pay to the Owner of said Apartment and/or said Owner's mortgagee, if any, the portion of said insurance proceeds allocable to said Apartment (less the proportionate share of said Apartment in the cost of debris removal) and shall disburse the balance of insurance proceeds as hereinafter provided for the disbursement of insurance proceeds. The insurance proceeds shall be paid by the Trustee to the contractor employed for such work, in accordance with the terms of the contract for such construction and in accordance with the terms of this Section 5. If the insurance proceeds are insufficient to pay all the costs of repairing and/or rebuilding such Common Elements, the Board is expressly authorized to pay such costs in excess of the insurance proceeds from the General Operating Reserve and the Capital Improvements Reserve Fund and, if such funds are insufficient for this purpose, the Board shall levy a special assessment on the Owners of Apartments in proportion to their respective Common Interests. Any costs in excess of the insurance proceeds for the repairing and/or rebuilding of any Apartment shall be specially assessed against such Apartment and said special assessment shall be secured by the lien created under Section 4. of Article VI hereof.

(b) The cost of the work (as estimated by the Board) shall be paid out from time to time or at the direction of the Board as the work progresses, but subject to the following conditions:

(1) An architect or engineer (who may be an employee of the Board) shall be in charge of the work.

(2) Each request for payment shall be made on seven (7) days' prior notice to the Trustee and shall be accompanied by a certificate to be made by such architect or engineer stating that all of the work completed has been done in compliance with the approved plans and specifications and that the sum requested is justly required to reimburse the Board for payments by the Board to, or is justly due to, the contractor, subcontractors, materialmen, laborers, engineers, architects or other persons rendering services or materials for the work (giving a brief description of such services and materials), and that when added to all sums previously paid out by the Trustee the sum requested does not exceed the value of the work done to the date of such certificate.

(3) Each request shall be accompanied by waivers of liens satisfactory to the Trustee, covering that part of the work for which payment or reimbursement is being requested and by a search prepared by a title company or licensed abstractor or by other evidence satisfactory to the Trustee, that there has not been recorded with respect to the premises any mechanics' or other lien or instrument for the retention of title in respect of any part of the work not discharged of record.

(4) The request for any payment after the work has been completed shall be accompanied by a copy of any certificate or certificates required by law to render occupancy of the premises legal.

(5) The fees and expenses of the Trustee as determined by the Board and the Trustee shall be paid by the Association as Common Expenses, and such fees and expenses may be deducted from any proceeds at any time in the hands of the Trustee.

(6) Such other conditions not inconsistent with the foregoing as the Trustee may reasonably request.

(c) Upon the completion of the work and payment in full therefor, any remaining proceeds of insurance then or thereafter in the hands of the Board or the Trustee shall be paid or credited to the Owners of the Apartments (or to the holder of any mortgage on an Apartment if there be a mortgage) in proportion to their respective Common Interests.

(d) To the extent that any loss, damage or destruction to the building(s) or other property is covered by insurance procured by the Association, the Association shall have no claim or cause of action for such loss, damage or destruction against any Apartment Owner or lessee. To the extent that any loss, damage or destruction to the property of any Apartment Owner or lessee is covered by insurance procured by such Owner or lessee, such Owner or lessee shall have no claim or cause of action for such loss, damage or destruction against the Board, the Managing Agent, any other Apartment Owner, or the Association. All policies of insurance referred to in this paragraph (d) shall contain appropriate waivers of subrogation.

## ARTICLE VIII

### MORTGAGES

Section 1. **NOTICE TO BOARD.** An Apartment Owner who mortgages his interest in an Apartment shall notify the Board of the name and address of his mortgagee and within ten (10) days after the execution of the same shall file a copy of the mortgage with the Board; the Board shall maintain such information in a book entitled "Mortgages of Apartments," provided that the Board shall have no affirmative obligation to monitor the mortgaging of Apartments.

Section 2. **NOTICE OF UNPAID COMMON EXPENSES.** The Board, whenever so requested in writing by an Owner or the holder, insurer or guarantor of any mortgage of an interest in an Apartment, shall, upon receipt of payment of a reasonable charge therefor, promptly report any then unpaid assessments for Common Expenses due from the Owner of the Apartment involved.

Section 3. **NOTICE OF DEFAULT.** The Board, when giving notice to an Apartment Owner of a default in paying Common Expenses or other default, shall send a copy of such notice to each holder, insurer or guarantor of a mortgage covering such Apartment or interest therein who has requested such notice in writing.

Section 4. **EXAMINATION OF BOOKS.** Each Owner and each holder, insurer or guarantor of any mortgage of an interest in an Apartment shall be permitted to examine the books of account of the Association at reasonable times, on business days. Upon written request, each Owner and each holder, insurer or guarantor of any mortgage of an interest in an Apartment shall be entitled to a copy of budgets, audited financial statements (including those for the preceding fiscal year) and other such reports prepared in connection with the Project upon payment of a reasonable charge therefor.

Section 5. **MORTGAGEE PROTECTION.** Notwithstanding all other provisions hereof:

(a) Except to the extent that a notice of lien is recorded prior to the recording of any mortgage as otherwise provided in the Act, the liens created hereunder upon any Apartment and its appurtenant interests in the Common Elements shall be subject and subordinate to, and shall not affect the rights of, the holder of any indebtedness secured by any recorded mortgage under such interests made for value, provided that after the foreclosure of any such mortgage there shall be a lien upon the interests of the purchaser at such foreclosure sale to secure all assessments, whether regular or special, assessed hereunder to such Apartment if falling due after the date of such foreclosure sale, which lien shall have the same effect and be enforced in the same manner as provided in Section 4 of Article VI hereof;

(b) No amendment to this Section 5. shall affect the rights of the holder of any such mortgage recorded at said Land Court prior to the recording of such amendment who does not join in the execution thereof.

Section 6. **REQUEST FOR NOTICE.** Upon written request to the Association, any holder, insurer, or guarantor of a first mortgages on an Apartment shall be provided written notice of any proposed action which requires the consent of a specified percentage of eligible mortgage holders; provided that said request shall state the name and address of said holder, insurer, or guarantor, and the Apartment number or address upon which it has, insures or guarantees a mortgage.

Section 7. **RELEASE OF INFORMATION.** The Board may provide any information available to it pertaining to an Apartment or the Project to the first mortgagee of such Apartment and such mortgagee may provide any information to the Board regarding the mortgagor, the mortgagor's loan and the status of such loan.

## ARTICLE IX

### CONDEMNATION

Section 1. **CONDEMNATION.** If there is a taking in condemnation or by eminent domain of part or all of the Project, all compensation payable for or on account thereof shall be payable to a condemnation trustee, who shall be designated by the Board and who shall be a substantial bank or trust company doing business in Hawaii ("Condemnation Trustee"). If the entire Project is taken or a substantial portion thereof, the condominium property regime may be terminated by the agreement of Apartment Owners of the Project who represent at least sixty-five percent (65%) of the total Common Interests, and by eligible mortgage holders who represent at least fifty-one percent (51%) of the votes of the Apartments in the Project that are subject to mortgages held by eligible holders. In such event the Condemnation Trustee shall pay to each Apartment Owner and mortgagee, as their interests may appear, the portion of the condemnation proceeds allocable to the Owner's Apartment. Otherwise, the Board shall arrange for the repair and restoration of the building(s) and improvements in accordance with the design thereof immediately prior to such condemnation or if such repair and restoration in accordance with said design are not permissible under the laws then in force, in accordance with such modified plan as shall be previously approved by the Board. In the event of a partial taking in which any Apartment is eliminated or not restored, the Condemnation Trustee shall disburse the portion of the proceeds of such award allocable to said Apartment (exclusive of such portion thereof as shall be allocable to the interest of said Apartment in the land), less the proportionate share of said Apartment in the cost of debris removal, to the Owner of said Apartment and his mortgagee, if any, as their interests may appear, in satisfaction of their interests in said Apartment. The Condemnation Trustee shall disburse the remainder of the proceeds of such award to the contractor engaged in such repair and restoration in appropriate progress payments and in the event such proceeds are insufficient to pay the costs thereof the Board is expressly authorized to pay such excess costs from the General Operating Reserve and Capital Improvements Reserve Fund and if the General Operating Reserve and Capital Improvements Reserve Fund are insufficient for this purpose the Board shall levy a special assessment on the Owners of the Apartments in proportion to their Common Interests. In the event sums are received in excess of the cost of repairing and restoring the remaining buildings and improvements, such excess proceeds shall be divided among the Owners of the Apartments in accordance with their interests in the Common Elements. In the event all or any of the Apartments are taken and there is no final judicial determination of the amount of condemnation proceeds allocable to each Apartment so taken, the amount allocable to each Apartment (including the Apartment's appurtenant interest in the Common Elements) shall be determined by a real estate appraiser who shall be a member of the American Institute of Real Estate Appraisers or any successor association and who shall have acted on behalf of the Association in the condemnation proceedings; or, if no such appraiser shall have acted on behalf of the Association, or if more than one (1) appraiser shall have so acted, then the Board shall select the appraiser; provided, however, if the Owners of the Apartments taken, within fifteen (15) days after all of such Owners have received notice of the appointment of such appraiser, shall elect, by a majority vote, to have the allocation determined by a panel of three (3) appraisers, then the Board shall select three (3) qualified appraisers and the decision of any two of them shall determine the allocation of the condemnation proceeds.

Section 2. **NOTICE TO MORTGAGEES.** Any holder, insurer or guarantor of any mortgage of an interest in any Apartment may file a written demand for notice with the Board stating both its name and address and the number of the Apartment on which it has (or insures or guarantees) the mortgage; upon filing such notice, such Party shall be entitled to receive notice of any condemnation proceeding.

## ARTICLE X

### GENERAL PROVISIONS

Section 1. **HOUSE RULES.** Each Owner recognizes the right of the Board from time to time to establish and amend such uniform rules and regulations as the Board may deem necessary for the management and control of the Project, including the Common Elements and Limited Common Elements and, as may be necessary for the protection of the Project and the Apartments ("House Rules"). Each Owner agrees that the Owner's rights under the Declaration and Bylaws shall be in all respects subject to appropriate House Rules consistent with the foregoing, which shall be taken to be a part hereof; and the Owner agrees to obey all such House Rules as the same now are or may from time to time be amended, and see that the same are faithfully observed by the invitees, guests, contractors, vendors, suppliers, employees and tenants of the Owner. The House Rules shall uniformly apply to and be binding upon all occupants of the Apartments. The following provisions shall govern the promulgation of the House Rules authorized herein, which shall include the establishment of a system of fines and penalties:

(a) The Board shall have the power to adopt such House Rules, including any amendments thereof, as are consistent with and in furtherance of existing law, these Bylaws and the Declaration, together with a list of specific fines and penalties for the violation of a rule or rules by any Owner. Upon the vote or written consent of a majority of the Board, such House Rules or amendments shall take effect thirty (30) days after mailing a copy of such House Rules and fines and penalties to the Owners.

(b) Any House Rules promulgated pursuant to this Section shall provide that no fine or penalty shall be levied without following specified procedures, which procedures shall include providing the Owner notice and a cure period.

Section 2. **ABATEMENT AND ENJOINTMENT OF VIOLATIONS BY APARTMENT OWNERS.** The violation of any House Rules, or the breach of any Bylaw contained herein, or the breach of any provision of the Declaration shall give the Board the right, in addition to any other rights set forth in these Bylaws:

(a) to enter the Apartment in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Apartment Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board shall not thereby be deemed guilty in any manner of trespass; or

(b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach, and all costs thereof, including attorneys' fees and costs, shall be borne by the defaulting Apartment Owner; provided, however, that the Board shall not summarily alter or demolish any improvements constructed by an Owner without first initiating judicial proceedings.

Section 3. **MAINTENANCE AND REPAIR OF APARTMENTS.** Except as otherwise provided in the Declaration, each Owner, at such Owner's expense, shall be responsible for the maintenance of and repairs to said Owner's Apartment, and the Limited Common Elements appurtenant thereto, other than maintenance and repairs of any Common Elements contained in an Apartment. Any maintenance or repairs to the Common Elements contained in an Apartment necessitated by the negligence, misuse or neglect of the Owner of said Apartment shall be charged to the Owner of such Apartment.

Section 4. **MAINTENANCE AND REPAIR OF COMMON ELEMENTS AND CERTAIN OTHER AREAS.** Except as provided to in the Declaration to the contrary with respect to certain Limited Common Element areas, all maintenance, repairs and replacements to the Common Elements, whether located inside or outside of the Apartments shall be made by the Board and shall be charged, subject to the provisions of the Declaration, to all the Owners as a Common Expense, unless necessitated by the negligence, misuse or neglect of an Apartment Owner in which case such expense shall be charged to such Apartment Owner as a special assessment enforceable under Section 4., Article VI of these Bylaws.

Section 5. **ADDITIONS OR ALTERATIONS BY BOARD.** Whenever in the judgment of the Board the Common Elements shall require additions or alterations, the Board may proceed with such additions or alterations and shall assess all Owners for the cost thereof as a Common Expense subject to the provisions of the Declaration.

Section 6. **ADDITIONS OR ALTERATIONS BY APARTMENT OWNERS.** Except as set forth in the Declaration, no Owner shall make any addition or alteration in or to his Apartment.

(a) **WRITTEN SUBMISSION OF REQUEST FOR APPROVAL AND REQUIREMENT OF BOARD ACTION.** Except as set forth in the Declaration, no Owner shall commence work on any alterations or additions within an Apartment until the Owner has submitted to the Board a written request (which may include plans and specifications if the Board requires) and a quorum of the Board (or a subcommittee of the Board) approves the request in writing or the Board is deemed to have approved the request as provided in Section 6.(b) below.

(b) **TIME LIMIT FOR BOARD RESPONSE.** The Board must respond to the submission of a request within sixty (60) days of the receipt thereof by the Board; if the Board shall fail to disapprove the request or to request revisions or amendments by the Owner, the request shall be deemed to be approved, provided that nothing contained in this section shall authorize or permit any work affecting the Common Elements, the exterior appearance of the Project or the rights of any other Owner.

(c) **BOARD MAY IMPOSE REASONABLE CONDITIONS.** The Board may impose reasonable conditions on its approval of any such request including, without limitation, requiring (i) changes or amendments to the request, (ii) supervision of the work by an architect, or engineer, or other construction professional, or (iii) performance of the work by a licensed contractor in cases where the work may affect the Common Elements, the exterior of the Project, or the rights of any other Apartment Owners.

(d) **BOARD MAY REQUIRE A HALT IN CONSTRUCTION OR REMOVAL OF UNAUTHORIZED WORK.** The Board may inspect the work from time to time and direct a halt in construction for any reason and the Board may require the removal or correction of any work which was (i) not authorized by the Board, or (ii) which may adversely affect the Common Elements, the exterior of the Project or the rights of any other Apartment Owner.

(e) **RIGHT OF ACCESS.** The Association, acting through its Board, shall have the right of access to each Apartment from time to time, with notice, during reasonable hours as may be necessary for the operation of the Project, or at any time, without notice, for making emergency repairs in the Apartment necessary to prevent damage to the Common Elements or to another Apartment or Apartments.

Section 7. **OWNERS MAY INCORPORATE.** All of the rights, powers, obligations and duties of the Owners set forth hereunder may be exercised and enforced by a non-profit, membership corporation, formed under applicable laws for the purposes herein set forth by the Association. Said corporation shall be formed upon approval of the Board. The formation of said corporation shall in no way alter the terms, covenants and conditions set forth herein and the Articles and Bylaws of said corporation shall be subordinated hereto and controlled hereby. Any action taken by said corporation which said action is in violation of any or all of the terms, covenants or conditions contained herein shall be void and of no effect. Nothing contained herein shall prohibit the Board on behalf of the Association from forming a non-profit corporation for the purpose of holding title to real property.

Section 8. **SALES OR RENTAL ACTIVITIES BY EMPLOYEES OF THE ASSOCIATION.** Unless authorized by a vote of the Apartment Owners owning not less than sixty-five percent (65%) of the Common Interests, employees of the Association shall not, except as to any Apartment owned by the Association, act as sales or rental agents with respect to Apartments in the Project.

Section 9. **NOTICES.** Except as otherwise expressly provided herein, all notices hereunder shall be sent by first class mail, postage prepaid. Notices to the Board shall be sent in care of the Managing Agent. Notices to any Owner shall be sent to the Project or to such other address as may have been designated by him from time to



time, in writing, to the Board. Notices to mortgagees of Apartments shall be sent to their respective addresses, as designated by them from time to time, in writing, to the Board. All notices shall be deemed to have been given when mailed, except notices of change of address which shall be deemed to have been given when received.

Section 10. **CAPTIONS.** The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws, or the intent of any provisions thereof.

Section 11. **GENDER.** The use of any gender in these Bylaws shall be deemed to include either or both genders and the use of the singular shall be deemed to include the plural whenever the context so requires.

Section 12. **WAIVER.** No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 13. **INTERPRETATION.** The provisions of these Bylaws shall be liberally construed to effectuate the purpose of creating a uniform condominium property regime whereby the Owners of Apartments shall carry out and pay for the operation and maintenance of the Project as a mutually beneficial and efficient establishment.

Section 14. **AMENDMENT.** The provisions of these Bylaws, other than this paragraph, may be amended at any time by the vote or written consent of the Owners of Apartments to which are appurtenant at least sixty-five percent (65%) of the total Common Interests, which amendment shall be effective upon the recording at said Land Court of an instrument in writing, signed and acknowledged by such Owners or by two (2) officers of the Association; provided, however, that each one of the particulars set forth in Section 514A-82(b) of the Act shall always be embodied in these Bylaws; and provided further that the Developer shall have the reserved right to unilaterally amend these Bylaws for the purpose of complying with any applicable State, Federal or County law, or for the purpose of incorporating requirements imposed by any institutional mortgage lender or by the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, U.S. Department of Housing and Urban Development or Veterans Administration, or for the purpose of bringing the Project and/or these Bylaws into compliance with the laws and rules of any other jurisdiction in which the Developer intends to register, market or sell Apartments. Each and every party acquiring an interest in the Project, by such acquisition, consents to such amendments as described in the preceding sentence and agrees to execute and deliver such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its assigns his attorney-in-fact with full power of substitution to execute and deliver such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be effected by the disability of such party or parties. Further, no amendment to the Declaration or these Bylaws that affects the Developer's reserved rights contained within the Declaration shall be valid, unless consented to by the Developer in writing.

Section 15. **RESTATEMENT OF BYLAWS.** Any other provision of these Bylaws notwithstanding, the Board, upon resolution duly adopted, shall have the authority as set forth in the Act to restate these Bylaws from time to time to set forth any prior amendments hereto, or to amend these Bylaws as required to conform with the provisions of the Act or any other statute, ordinance, rule or regulation enacted by any governmental authority.

Section 16. **SEVERABILITY.** The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or enforceability of any one provision shall not affect the validity or enforceability of any other provision hereof.

Section 17. **EXAMINATION OF DOCUMENTS OF THE ASSOCIATION.** The minutes of meetings of the Board (except for any executive session thereof) and Association and the Association's financial records, including, without limitation, audit reports and budgets, shall be available for examination by Apartment Owners or by the holder, insurer or guarantor of any mortgage pertaining to any Apartment. Copies of such minutes of meetings and financial records shall be provided to any Owner and to the holder, insurer or guarantor of any mortgage pertaining to any Apartment upon such party's written request and upon payment of a reasonable charge for duplicating, postage, stationery and other administrative charges. No person shall knowingly make any false

certificate, entry, or memorandum upon any of the books or records. No person shall knowingly alter, destroy, mutilate or conceal any such books or records. Such Association documents shall be kept and maintained at the address of the Project, or elsewhere within the State of Hawaii as determined by the Board and shall be made available as follows:

(a) The Association's most current financial statement and minutes of the most current regular Board meeting, once approved, shall be available to any Owner at no cost or on twenty-four hour loan, at a convenient location designated by the Board.

(b) The following documents shall be available for inspection at convenient hours at a place designated by the Board:

(1) Minutes of regular meetings of the Board and the Association for the current and prior year; such minutes of meetings shall include the recorded vote of each Director on all motions except motions voted on in executive session.

(2) Financial statements, general ledgers, the accounts receivable ledger, accounts payable ledgers, check ledgers, insurance policies, contracts, invoices of the Association and the list of delinquent assessment accounts of ninety (90) days or more for the current and prior year.

(c) Proxies, tally sheets, ballots, Owners' check-in lists, and the certificate of election shall be available for inspection for a period of thirty (30) days following any Association meeting, after which time proxies and ballots may be destroyed. Tally sheets, Owners' check-in lists, and the certificate of election shall be retained as Association records.

(d) An Owner may file a written request with the Board to examine other documents of the Association. The Board shall give written authorization for inspection or written refusal with an explanation of the refusal within thirty (30) calendar days of receipt of the request.

(e) As to any request for inspection under the above Sections 17.b, c or d, the Board may require the party requesting inspection to furnish to the Association a duly executed and acknowledged affidavit stating that the information is requested in good faith and that in the event that the administrative time to respond to such request exceeds eight (8) hours in any calendar year, the party requesting inspection shall pay for administrative time in excess of eight (8) hours per year.

(f) The Managing Agent may dispose of Association records which are more than five (5) years old without liability if the Managing Agent first provides the Board with written notice of the Management Agent's intent to dispose of the records if not retrieved by the Board within sixty (60) days which notice shall include an itemized list of the records which the Managing Agent intends to dispose of.

Section 18. **MEMBERSHIP LIST.** Each Owner shall promptly file with the Board a true and complete copy, as recorded at said Land Court, of each Apartment Deed, recordable lease, mortgage, Agreement of Sale, condominium conveyance document, or other instrument whereby such Owner acquires, encumbers or disposes of an interest in his Apartment. The Board or Managing Agent, under the direction of the Board shall keep an accurate and current list of members of the Association and their current addresses and the names and addresses of the vendees under Agreements of Sale, if any. The list shall be maintained at a place designated by the Board and a copy shall be available, at a reasonable charge, to any Owner who furnishes to the Managing Agent or Board a duly executed and acknowledged affidavit stating that the list (a) will be used by such Owner personally and only for the purpose of soliciting votes or proxies or providing information to other Owners with respect to Association matters and (b) shall not be used by such Owner or furnished to anyone else for any other purpose.

Section 19. **PROJECT DOCUMENTS.** The Managing Agent shall maintain at its office accurate copies of the Declaration, these Bylaws, the Articles of Incorporation of the Association, if any, annual report, names and addresses of the Board and officers, all minutes and resolutions, a current list of all Apartment Owners, the House Rules, a sample original Apartment Deed, and all public reports issued for the Project and any

amendments thereto. The Managing Agent shall provide copies of those documents to Apartment Owners, holders, insurers and guarantors of first mortgages, prospective purchasers and their agents during normal business hours, upon payment to the Managing Agent of a reasonable charge to defray any administrative or duplicating costs. Each Owner shall give copies of the Project Documents to their lender and buyers, as may be required.

Section 20. **TERMINATION.** Except as provided in Section 514A-21 of the Act, the Project shall not be abandoned, terminated or removed from the condominium property regime created by the Declaration and the Act without the prior written approval of all mortgagees.

(The remainder of this page is intentionally left blank)

IN WITNESS WHEREOF, the Developer, for and on behalf of the Association of Apartment Owners of the Project, has executed these presents this 11th day of MAY, 2004, adopting these Bylaws pursuant to the Act as the Bylaws of the Association.

LAEROC WAIKIKI PARKSIDE, LLC  
a Hawaii limited liability company

By LAEROC PARTNERS, INC.,  
a California corporation  
Its Manager

By Kim Alan Benjamin  
Kim Alan Benjamin  
Its President

"Developer"

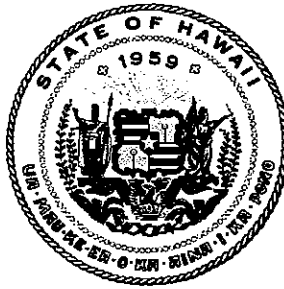
STATE OF California  
COUNTY OF Los Angeles

SS:

On this 11th day of May, 2004, before me appeared KIM ALAN BENJAMIN, to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable, in the capacities shown, having been duly authorized to execute such instrument in such capacities.

Name: Miriam Maltinsky  
Notary Public, State of California  
My commission expires: Sept. 4, 2005





## Department of Commerce and Consumer Affairs

### CERTIFICATE OF GOOD STANDING

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that according to the records of this Department,

LAEROC WAIKIKI PARKSIDE, LLC

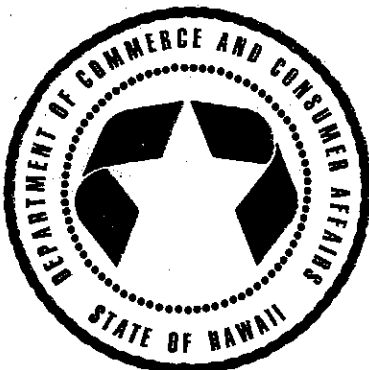
was organized under the laws of the State of Hawaii on 06/06/2001 ; that it is an existing limited liability company in good standing and is duly authorized to transact business.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Department of Commerce and Consumer Affairs, at Honolulu, Hawaii.

Dated: April 22, 2004

*Maile E. Reichenwald*

Director of Commerce and Consumer Affairs



**ESCROW AGREEMENT  
(Palms at Waikiki)**

**THIS AGREEMENT** made this 14<sup>th</sup> day of May, 2004, by and between **FIDELITY NATIONAL TITLE & ESCROW OF Hawaii, Inc.**, a Hawaii corporation, whose principal place of business and post office address is 201 Merchant Street, Suite 2100, Honolulu, Hawaii 96813 (hereafter referred to as "Escrow"), and **Laeroc Waikiki Parkside LCC**, whose post office address is 1334 Park View Ave. #240, Manhattan Beach, California 90266 (hereinafter referred to as the "Seller");

**W I T N E S S E T H :**

**WHEREAS**, pursuant to the "Condominium Property Act" of Hawaii, Chapter 514A, Hawaii Revised Statutes, as amended, (hereinafter "Chap. 514A"), certain land and buildings will be submitted to a "Condominium Property Regime" to be called Palms at Waikiki condominium project (hereinafter called the "Project") with the intention that the Two Hundred Sixty Two (262) apartments therein become "Apartments" as defined in Chap. 514A;

**WHEREAS**, Escrow has consented to hold all payments received from or on account of Buyers and any other funds and instruments received by it hereunder pursuant to the provisions hereof.

**NOW, THEREFORE**, the parties hereto agree as follows:

1. **Payment of Funds to Escrow.** Seller shall require all payments due under each Purchase Agreement to be made to Escrow. Promptly after execution of a Purchase Agreement, Seller shall deliver an executed copy thereof to Escrow, together with the address of the Buyer. Seller shall specify in writing to Escrow whether the Buyer's funds were received prior or subsequent to the issuance of a Final Public Report (as that term is used in Chap. 514A) by the Real Estate Commission.

Seller shall also pay over to Escrow all monies received by Seller from Buyer for any reason with respect to the Project.

2. **Receipt of Funds by Escrow.** Escrow shall receive and hold in trust and disburse as herein set forth (i) all payments received by it under the Purchase Agreement, and (ii) all sums received by it from Seller or any third party in connection with the Project. Upon receipt of notice in writing from Seller that any payments are due under any sales contracts, Escrow shall give notice in writing to each Purchaser under a sales contract held by Escrow and shall call for such payment to be made to Escrow.

3. **Deposit of Funds by Escrow.** All funds received by Escrow shall be deposited, within a reasonable time of their receipt by Escrow and in reasonably convenient and practical sum, in an interest-bearing account in a federally insured bank or savings and loan institution to be held therein subject to all of the terms and provisions hereof. Except as required by law or otherwise provided in the Purchase Agreement, all interest earned in such account shall be credited to the account of the Seller pursuant to agreement between Seller and Buyer as set forth in the Purchase Agreement. If Escrow should be instructed by Seller to make such deposits more frequently than once each calendar week, Seller shall pay to Escrow a reasonable service charge for each additional deposit made during such week.

4. **Receipt of Buyer's Financing Documents.** Escrow shall receive evidence satisfactory to Seller of Buyer's ability to pay in cash the purchase price stated in the Purchase Agreement either (i) from Buyer's own funds, or (ii) partially from Buyer's own funds and the balance from the proceeds of a loan to the buyer ("Buyer's Permanent Loan") by a responsible lending institution or Seller ("Permanent Lender") which has issued a written commitment to make a loan to Buyer in the amount of such balance. Escrow shall receive from any such Permanent Lender, a note and a mortgage for execution by Buyer and shall receive funds representing the mortgage loan for the purchase of the Apartment, such funds to be held for disbursement in accordance with the instructions of the Permanent Lender and in conformity with the Sales Contract.

5. **Return of Funds to Buyer; Return of Documents.**

(a) **Purchase Agreements.** A Buyer shall be entitled to a return of his funds, and Escrow shall pay such funds to such Buyer with or without any interest earned thereon as provided in Paragraph 3 and less the cancellation fee imposed by Escrow, promptly after request for return by Buyer if any one of the following has occurred:

(i) Seller has requested Escrow in writing to return to Buyer the funds of Buyer then being held hereunder by Escrow; or

(ii) Seller has notified Escrow of Seller's exercise of the option to rescind the Purchase Agreement pursuant to any right of rescission stated therein or otherwise available to Seller; or

(iii) Buyer's funds were obtained prior to the issuance of a Final Public Report and the Final Public Report is not issued within thirteen (13) months of the date of issuance of the Preliminary Public Report; or

(iv) There is any material change in the Project which directly, substantially and adversely affects the use or value of Buyer's Apartment, the limited common elements appurtenant to such Apartment, or the amenities of the Project available for Buyer's use which Buyer has not approved in writing, and Buyer has not accepted the Apartment or occupied it for more than ninety (90) days, or Buyer is otherwise entitled to rescind as provided in H.R.S. Section 514A-63; or

(v) After the Final Public Report is delivered, the Buyer notifies Seller in writing that Buyer has decided to cancel the Purchase Agreement within thirty (30) days of Buyer's receipt of the Final Public Report; or

(vi) Upon return of such funds to Buyer, Escrow shall return to Seller Buyer's Purchase Agreement and any conveyancing documents theretofore delivered to Escrow; and thereupon Buyer shall no longer be obligated under the Purchase Agreement. Other documents held by Escrow relating to the sale of the Apartment identified in such Purchase Agreement will be returned to the person from whom, or entity from which, they were received.

**6. Requirements Prior to Disbursement of Buyer's Funds.** Escrow shall make no disbursements of Buyer's funds pursuant to Paragraph 7 until both of the following have occurred:

(a) Seller has certified in writing to Escrow that Buyer's Purchase Agreement "has become binding, and the requirements of Section 514A-40, 514A-39.5 and 514A-63 have been met", as said phrases are used in Section 514A-65 of the Hawaii Revised Statutes; and

(b) A Final Public Report for the Project has been issued by the Real Estate Commission and Escrow has received a copy of Buyer's receipt for such Final Public Report and waiver of right to cancel, or thirty (30) days have elapsed since Buyer receipted for such Final Public Report.

**7. Closing.** Upon receipt by Escrow of an Apartment Deed, the portion of the purchase price of the Apartment to be paid prior to closing as provided in the Purchase Agreement, any mortgage securing repayment by Buyer of all or payment of the purchase price of the apartment and Buyer's share of closing costs, Escrow will act with diligence and dispatch to "close" the sale by performing the following:

(a) Escrow shall cause the recording of the Apartment Deed, any mortgages, financing statements, and related documents;

(b) After recordation, Escrow shall cause the Apartment Deed to be delivered to Buyer, the releases or partial releases of Seller's mortgage(s) to be delivered to Seller, the mortgage and copies of any releases or partial releases, if any, to be delivered to the Buyer's Permanent Lender or to Buyer if Buyer has no Permanent Lender and all sums respecting the purchase of the apartment to be disbursed to the Seller.



8. **Unclaimed Funds.** Escrow shall give each Buyer entitled to a return of his funds notice thereof by registered mail, addressed to such buyer at his address shown on the Purchase Agreement or any address later made known to Escrow by such Buyer. If such Buyer shall not have claimed such refund within sixty (60) days, Escrow shall deposit such funds into a special account, in a bank or other depository selected by Escrow, in the name of Seller, as trustee for the benefit of such Buyer. Escrow shall thereupon be released from further duties or liability hereunder with respect to such funds and such Buyer.

9. **Buyer's Default.** Seller shall give notice to Escrow of the occurrence of each of the events which initiate the payment obligations of Buyer under the Purchase Agreement and Escrow shall thereupon promptly give to Buyer notice of payment due. If Buyer is in default under the Purchase Agreement, Escrow will promptly give to Buyer notice of default. In the event that Buyer has failed to cure the default within ten (10) days after receipt of such notice, Escrow will so advise Seller. If Seller shall thereafter certify in writing to Escrow that Seller has exercised its election to terminate the Purchase Agreement for the default of Buyer at any time after Buyer's funds have become disbursable according to the provisions of Paragraph 6 hereof, Escrow shall thereafter treat all funds of the Buyer paid on account of his Purchase Agreement, less Escrow's cancellation fee, as funds of Seller which were transmitted to Escrow to be held pursuant to the provision thereof and not as funds of the Buyer. Thereafter such funds shall be free of the escrow established by the Agreement and shall be held by Escrow for the account of Seller. Upon written request by Seller, Escrow shall pay such sums to Seller and shall return to Seller the Purchase Agreement of such Buyer and any other documents theretofore delivered by Seller to Escrow, pursuant to such Purchase Agreement. Other documents theretofore delivered to Escrow in connection with the purchase of the Apartment specified in such Sales Contract shall be returned to the person from whom, or entity from which, such documents were received.

10. **Protection of Escrow.** In consideration of Escrow acting hereunder, it is agreed that Escrow is relieved from all liability for acting in accordance with the terms hereof, notwithstanding a notice to the contrary by Seller or by any Buyer or third person. Escrow shall not be responsible for the validity or sufficiency of any Purchase Agreement received by it and shall be entitled for all purposes to assume that each Purchase Agreement or other document has been signed by the person or persons whose signature or signatures purport to be thereon and that any written certification or instruction from Seller is true and accurate. If any dispute or difference arises between Seller and any third person, or if any conflicting demand shall be made upon Escrow, Escrow shall not be required to determine the same or take any action in the premises but may await settlement of the controversy by final appropriate legal proceedings or otherwise as it may require, or Escrow may file a suit in interpleader in the Circuit Court of the First Circuit of the State of Hawaii for the purpose of having the respective rights of the parties adjudicated and may deposit with the Court any or all monies and documents held hereunder. Upon institution of such interpleader suit, depositing such monies and documents with the Court, and further upon notice thereof of the parties thereto by personal

service or in accordance with the order of the Court, Escrow shall be fully released and discharged from all further obligations hereunder with respect to the monies so deposited.

Escrow shall be under no obligation or liability for failure to inform Seller or a Buyer regarding the status of any sale, loan, exchange, or other transaction or facts within the knowledge of Escrow, even though said facts concern the property or the transaction described herein, provided such facts do not prevent compliance by Escrow with these instructions. Escrow shall not be liable for the sufficiency or correctness as to form, manner of execution, or validity of any instrument deposited, nor as to the identity, authority, or rights of any person executing the same. The liability of Escrow hereunder shall be confined to the things specifically provided for in the written instructions in this Escrow Agreement and it shall be entitled to rely upon the advice of competent legal counsel concerning any question of construction of this Escrow Agreement and its execution of its duties thereunder.

Seller agrees to pay Escrow on demand any and all costs, damages, judgments, attorney's fees, expenses, obligations and liabilities of every kind and nature reasonably suffered or incurred in connection with or arising out of this Agreement or any transaction comprehended hereby, including, but not limited to, all costs and expenses incurred for the interpretation of this Agreement, or with respect to any interpleader or other proceeding, and agrees that any sums payable to Escrow hereunder may be deducted from the monies held hereunder or prior to payment thereof.

11. **Compensation of Escrow.** The compensation of Escrow for performance hereunder shall be Two Hundred Fifty Dollars (\$ 250.00) for each apartment. Escrow shall also arrange for the issuance of a title policy (standard owner's or ALTA lender's policy) for the sum of Four Hundred Dollars (\$ 400.00) for each apartment. A concurrent lenders policy will be an additional \$100.00. A \$25.00 fee will be charged to the Buyer if they would like an interest bearing account established when they make their initial deposit. The above rates assume that Fidelity National Title Insurance Co. provides both title and escrow services,

12. **Cancellation Fees.** In the event a Purchase Agreement is cancelled pursuant to the provisions of Paragraph 5(a)(ii) above, or before the Buyer has received a commitment for financing, Escrow shall collect a cancellation fee of **FIFTY AND NO/100 DOLLARS (\$50.00)**. If a Purchase Agreement is cancelled for any other reason, or after Buyer has received a commitment for financing, or subsequent to the Buyer's receipt of the Final Public Report, Escrow shall collect a cancellation fee of **ONE HUNDRED AND NO/100 DOLLARS (\$100.00)**. The cancellation fee shall be divided equally between Seller and Escrow.

13. **Collection of Purchaser's Funds.** Upon receipt of notice in writing from Seller that any payments are due under any Purchase Agreement, Escrow shall give notice in writing to each purchaser under a contract held by Escrow and shall call for such payment to be made to Escrow. Escrow shall not be liable for any purchaser's failure to make such payment to Escrow.

(a) Escrow shall collect from each purchaser no later than the time of closing real property taxes paid on the apartment and to be reimbursed to Seller, interest on any portion of the purchase price not paid as and when due, and prorations and other sums due, as provided in the Purchase Agreement. To the extent that Seller has advanced any of the above-mentioned taxes, interest or other sums, Escrow shall hold such monies for reimbursement to Seller at closing.

14. **Preclosing.** Escrow agrees that upon five (5) days' written notice from Seller or Seller's mortgage lender, Escrow will act with due diligence and dispatch to "preclose" sales (a) by arranging for the execution of the apartment deeds and such other documents as are required to effect the transfer of title, and (b) by calling for the payments then required from purchaser, all as provided for in the Purchase Agreement.

15. **Partial Closings.** It is understood that "partial closings", i.e., closings for some, but not all, of the apartments, might be desired by Seller. If Seller desires to "close" any or all sales at different times, Escrow agrees to cooperate with Seller and to vary its performance of the directions contained herein in such a manner as will facilitate its performance of partial closings.

15. **Notices.** Notices hereunder by Escrow to a Buyer shall be deemed to be delivered upon delivering the notice in writing personally to the Buyer or upon depositing the notice in the United States mail, by certified mail, postage prepaid, addressed to the Buyer at the address set forth in his Purchase Agreement, or any address later made known to Escrow by the buyer.

16. **Termination.** This Agreement may be terminated by either party hereto upon fifteen (15) days' written notice to the other; provided, however, that all transactions in process hereunder at the time of such termination shall be completed under the terms of this Agreement.

17. **Successors and Assigns.** This Agreement shall be binding upon, shall apply to and shall inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed these presents on the day and year first above written.

WAIKIKI PARKSIDE, LLC

Henri Alan Bryan President

By: ~~Laeroe Waikiki Parkside LLC~~ Kim A. BOWMAN  
Its ~~PRESIDENT~~  
Laeroe PARTMAN, IV "Seller"  
MANAGER

FIDELITY NATIONAL TITLE  
& ESCROW OF HAWAII, INC.

By: Dale Hastie  
Its President

"Escrow"

**IN WITNESS WHEREOF**, the parties hereto have executed these presents on the day and year first above written.

---

By: Laeroc Waikiki Parkside LLC  
Its

"Seller"

**FIDELITY NATIONAL TITLE  
& ESCROW OF HAWAII, INC.**

  
By: Dale Hastie  
Its President

"Escrow"

**EXCLUSIVE PROJECT BROKER AGREEMENT**  
**WAIKIKI PARKSIDE**

**THIS EXCLUSIVE PROJECT BROKER AGREEMENT** (the "Agreement") is made this 14th day of April, 2004, by and between Laeroc Waikiki Parkside LLC, a Hawaii corporation (the "Developer"), whose mailing address is 1334 Park View Avenue, Ste. #240, Manhattan Beach, California 90266 and **COLDWELL BANKER PACIFIC PROPERTIES, LTD.**, a Hawaii corporation (the "Project Broker"), whose business and post office address is 1314 South King Street, 2nd Floor, Honolulu, Hawaii 96814.

**RECITALS:**

A. Developer is the record owner of that certain real property designated as TMK: 1-2-6-012-013. Developer intends to develop the Project (as defined below) and desires to appoint Project Broker as its exclusive sales agent on an exclusive right to sell basis to represent Developer in the sale of Units in the Project, to process Sales Contracts for such sales, and to coordinate sales activities for the Project.

B. Project Broker has agreed to act as Developer's agent for all sales of Units in the Project, and for processing and coordinating such sales in the Project, in accordance with the terms and conditions set forth herein.

**AGREEMENT:**

In consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Definitions.** For purposes of this Agreement, the following terms shall have the meaning set forth below:

1.1 "Close of Escrow" or "Closing" means the date on which the instrument that conveys a Unit to a buyer is recorded.

1.2 "Commissions" means the amounts payable by Developer pursuant to Section 6 hereof.

1.3 "Condominium Law" means Chapter 514A of the Hawaii Revised Statutes, as now or hereafter amended.

1.4 "Cooperating Broker" means any licensed real estate broker other than the Project Broker.

1.5 "Developer" means Laeroc Waikiki Parkside LLC, a Hawaii corporation, as Developer of the Project.

1.6 "Project" means the 263-unit condominium project known as "Waikiki Parkside" located at 1850 Ala Moana Blvd., Honolulu, Oahu, Hawaii.

1.7 "Project Broker" means Coldwell Banker Pacific Properties, Ltd., a Hawaii corporation.

1.8 "Project Documents" shall mean the documents pertaining to the Project and the sale of Units in the Project provided to Project Broker by Developer, including, but not limited to, the Sales Contracts, sales brochures, and the Project's Condominium Public Reports as required under Hawaii Revised Statutes, Chapter 514A.

1.9 "Project Manager" and "Projects Director" means, respectively, the individual within Project Broker primarily responsible for the sales and management of the Sales Staff and the individual within Project Broker primarily responsible for all Company projects.

1.10 "Prospect" means any person who was shown a Unit in the Project by Project Broker during the term of this Agreement and whose name is on the list submitted by Project Broker to Developer within five days after the termination of this Agreement.

1.11 "Sales" shall mean any sales of Units in the Project.

1.12 "Sales Contract" means the Developer's standard sales contract for the sale of Units in the Project or other form of contract selected by Developer, as amended from time to time by Developer.

1.13 "Sales Price" means the sales price for a Unit, as set forth in the applicable Sales Contract and any amendments thereto without regard to any sales incentives (e.g., giveaways, interest rate buy downs, etc.).

1.14 "Sale" or "Sold" means the consummation of a sale to a buyer as evidenced by the recordation of the conveyance document.

1.15 "Sales Staff" means the licensed sales agents of the Project Broker authorized by Developer in writing to sell the Units in the Project. Project Broker shall not add other brokers or sales agents to the Sales Staff without Developer's prior written approval.

1.16 "Termination Date" means the date upon which this Agreement terminates, whether by expiration of the term hereof or by earlier termination in accordance with the provisions of Sections 13.1 or 13.2 herein.

**1.17** "Unit" means any of the 263 residential condominium apartments located within the Project. "Unit" shall not include eight (8) studio units and two (2) one bedroom units that will be sold by Developer. Said units shall be designated by Developer in a writing signed by Developer. Project Broker shall not be paid any commissions for these units sold by Developer, nor shall Project Broker have any obligation or responsibility to Developer with respect to these units as set forth in Section 5 of this Agreement.

**2. Appointment.** Developer hereby appoints Project Broker as its exclusive sales agent to represent Developer in the sale of Units in the Project, and to process and coordinate such sales upon the terms and conditions set forth herein. This Agreement is intended to be an "Exclusive Right to Sell" Listing Agreement which means that up to the Termination Date the sale of all or any Unit shall be listed only with Project Broker, and that subject to and limited by the terms and conditions herein, Project broker is entitled to a commission if any Unit is sold by Project Broker, Developer or anyone else.

**3. Term.** This Agreement shall be for a term of eighteen (18) months commencing as of the date of this Agreement (the "Effective Date"); subject, however, to termination at any time in accordance with Section 13 hereof. Any agreement to extend the term of this Agreement must be in writing signed by Developer and Project Broker.

**4. Terms of Sale.** The Sales Price of each Unit in the Project and all other terms and conditions of each sale shall be determined by the Developer in its sole discretion. Developer reserves and shall have the right to reject any Sales Contract presented to it by the Project Broker for any reason, and the right to cancel any Sales Contract without liability to Project Broker for any commissions which would otherwise have been payable. Developer further reserves the right to change the Sales Prices for the Units in the Project.

**5. Project Broker's Covenants and Obligations.** Project Broker covenants and agrees with Developer as follows:

**5.1 Licensing Requirements.** Each member of the Sales Staff shall at all times during the term of this Agreement maintain in good standing, an active real estate broker's or salesperson's license, as appropriate, in the State of Hawaii, and all other necessary licenses, permits and certifications. To the extent required by law, Project Broker shall apply for and maintain a current site office license for the Project throughout the entire term thereof.

**5.2 Sales Staff.** Developer shall have the right to approve all members of the Sales Staff, including the Project Manager and the primary sales agents. Only those persons authorized in writing by Developer shall be members of the Sales Staff. Project Broker agrees to remove any member of the Sales Staff within one (1) day upon Developer's request. Project Broker shall orient and train the Sales Staff.

**5.3 Compliance with Laws.** Project Broker shall comply with all federal, state and county laws, rules and regulations applicable to the services provided by Project Broker



and shall maintain adequate supervision over the Sales Staff to ensure such compliance by all persons acting under Project Broker. Without limiting the generality of the foregoing, Project Broker shall comply with all requirements set forth in Section 9 hereof.

**5.4 Public Report.** Broker acknowledges that Developer intends to apply for a Condominium Public Report for the Project. Project Broker agrees that Project Broker shall not undertake any Sales in the Project or conduct any marketing activities whatsoever until Developer gives Project Broker written notice of approval of the Project's Condominium Public Report and written permission to proceed with Sales in the Project. Until Project Broker receives this written notice and permission, Project Broker shall not attempt to find buyers for Units in the Project or otherwise market the Project in any manner.

**5.5 Sales Activities.** Project Broker shall use its reasonable best efforts, skill and judgment to market the Project, and to assist the Developer in establishing, implementing and operating a sales program for the Project. Project Manager shall make Sales and management of the Sales Staff his/her priority and shall be readily accessible to Developer. Sales activities by Project Broker shall include, but are not limited to, direct mail advertising; preparing newsletters; presenting information seminars to homeowners, brokers and real estate sales persons; hosting informational parties and meetings; and holding open houses, as necessary. Each member of the Sales Staff shall carefully read, review and become familiar with all Project Documents prior to commencing any sale activities, and shall comply with all instructions and directives provided to Project Broker by Developer, and shall comply with all requirements set forth in Section 9 hereof.

**5.6 Administrative Activities.** Project Broker shall (a) maintain a trained sales staff sufficient to fulfill its obligations hereunder; (b) adequately staff the Project sales office and model Units provided by Developer, during reasonable business hours, including weekends; and (c) coordinate all closing activities for the Units sold by Project Broker. Developer shall provide adequate administrative support staff for the sales office and Developer will fully equip the Project sales office with all reasonably necessary office furniture, fixtures, equipment and supplies, including without limitation, all office machines, computers, fax machines, telephones, etc.

**5.7 Representations and Warranties.** Project Broker agrees that it shall not make any express or implied warranties of any kind, including, but not limited to, warranties of habitability, merchantability, or fitness for use, or any representations regarding the investment value of Units, possible rental opportunities or tax consequences of owning a Unit in the Project. Project Broker agrees to follow Developer's instructions regarding disclosure materials which are to be provided to prospective buyers and which are required in connection with the sale of Units in the Project.

**5.8 Marketing and Advertising Budget.** Project Broker shall not be required to contribute any amounts to the marketing or advertising costs of the Project. A preliminary marketing and advertising budget shall be agreed upon between Project Broker and

Developer. Project Broker shall not publish or disseminate any advertising and marketing materials relating to the Project or Developer without Developer's prior written approval, which approval may be withheld in Developer's sole discretion. The marketing and advertising budget shall be reviewed by Developer and Project Broker on a quarterly basis and adjusted as Developer deems necessary in its sole discretion.

**5.9 Advertising and Community Relations.** At the request of Developer, Project Broker shall assist in the preparation of the advertising and community relations budgets for the Project. Project Broker shall advise Developer on all aspects of advertising and community relations campaigns; provided that Developer shall make all final determinations relating thereto, and shall be responsible for the implementation of the same.

**5.10 Status Reports.** Project Broker shall maintain accurate and current records of the status of all of its Project transactions, including Unit numbers under contract, names and addresses of buyers, due dates of deposits and other payments, deadlines for and satisfaction of any contingencies, and schedules of closing dates. Project Broker shall provide a status report on all such items to Developer, on a weekly basis, or more often if warranted by sales activities. Project Broker shall also record and provide such other information regarding Sales and its activities in connection therewith as Developer may request.

**5.11 Sales Follow-Through.** Upon acceptance by Developer of a Sales Contract submitted to it by Project Broker, Project Broker shall take all reasonable steps necessary to arrange for the closing of such sale, including without limitation (a) assisting the buyers in obtaining any necessary financing approvals in a timely fashion; (b) obtaining payment of additional deposits required under the Sales Contract; (c) obtaining receipts for documents required by Developer (including receipts for Condominium Public Reports); (d) obtaining all necessary approvals and signatures from buyers (including waivers of the right to cancel the Sales Contract pursuant to the Condominium Law); (e) assisting with the satisfaction of any contract contingencies; and (f) coordinating all other closing activities with Developer, Project Manager, any Cooperating Brokers, escrow, lenders and the buyers.

**5.12 General Marketing Service.** At the request of Developer, Project Broker shall assist Developer with its marketing program, promotional planning, market research and feasibility studies, pricing strategies and other similar services to help market the Project. Project Broker shall provide market research and related data to Developer including written market analyses, from time to time, of competitive development projects on the Island of Oahu.

**6. Commissions.** Developer will pay Project Broker the commissions set forth below in Sections 6.1 or 6.2 if one of the following conditions has occurred: (a) the Close of Escrow for any Sale of any Unit in the Project under a Sales Contract submitted to Developer by Project Broker during the term of this Agreement; (b) the Close of Escrow for any Sale consummated pursuant to an option contract executed by Developer and buyer during the term of this Agreement; (c) the Close of Escrow for any Sale made to any of Project Broker's Prospects pursuant to a Sales Contract or option contract executed by Developer and such Prospect during

the sixty-day period following the Termination Date. Commissions will be payable to Project Broker only upon the Close of Escrow, even if the Close of Escrow occurs after the Termination Date.

**6.1 Project Broker.** Project Broker shall be paid a total commission of four and three-quarters percent (4.75%) of the Sales Price for any Sale of any Unit sold exclusively by a Project Broker, including a sale to any customer of a Sales Staff or non-Sales Staff member or any walk-in or phone-in purchaser who is not represented by a Sales Staff or non-Sales Staff agent of Project Broker or by a Cooperating Broker.

**6.2 Cooperating Broker Sales.** Project Broker shall be paid a total commission of five percent (5%) of the Sales Price for any Sale of any Unit sold by a Cooperating Broker. Of this amount, Project Broker shall pay the Cooperating Broker a commission of three percent (3.0%) of the Sales Price for the Cooperating Broker's assistance in bringing the buyer to the Project, and Project Broker shall retain two percent (2%) of the Sales Price.

**6.3 Developer Sales of Units.** With respect to the Sale by Developer of fifteen (15) studio units and one (1) one bedroom unit, as shall be designated by Developer in a writing signed by Developer, Project Broker shall be paid a total commission of three percent (3%) of the Sales Price for any Sale of these Units regardless of whether there is a Cooperating Broker involved in the Sale.

**6.4 Canceled Sales.** In the event that a buyer under a Sales Contract fails to close on the purchase of a Unit for any reason whatsoever, Developer will not be obligated to pay any commission and Project Broker shall have no claim for a fee or commission against Developer or any deposit made by a buyer.

**6.5 Closing Prior to Completion of Construction.** The Sales of some Units may close prior to the completion of construction of the Project. Project Broker acknowledges that the Condominium Law may prohibit escrow from releasing buyer's funds for the payment of broker's commissions prior to the completion of construction of the Project. In that event, and notwithstanding anything to the contrary contained in this Agreement, Developer shall not be obligated to pay Project Broker any commissions otherwise owed under this Agreement until such time as escrow is permitted by applicable law to release funds sufficient to pay such commissions.

**6.6 Advances Against Commissions.** In recognition that Project Broker will be incurring substantial expenses and opportunity costs by performing various functions described herein, Developer shall pay to Project Broker the following amounts per month commencing thirty (30) days before the start of sales pursuant to the written notice described in Section 5.4 herein and continuing throughout the term of this Agreement. Project Broker agrees to pay these amounts in full to the parties listed below in arrears on the first (1st) day of each month for the previous month. Any and all such advances paid shall be credited against

commissions to be paid to Project Broker as provided for herein; provided, however, that all such advances shall be non-refundable in the event that Project Broker's commissions are less than the amount of the advances as of the termination of this Agreement for any reason.

\$3,000.00 for Project Manager per month

\$3,000.00 for Project Director per month

7. **No Other Compensation.** Project Broker's sole right to compensation for all services provided under this Agreement or in any way connected with the Project is as set forth in Section 6. Developer shall not be responsible for payment of any expenses incurred by Project Broker in connection with the services provided hereunder, and Project Broker shall have no right to incur any expenses or obligation on behalf of Developer; provided, however, that Developer will reimburse Project Broker for any print advertising Project Broker places with the Hawaii Newspaper Agency ("HNA") at Developer's written request, at the exact rate as charged by HNA (which may be the reduced rate of approximately 35-60% under retail rates, if available to Project Broker through its marketing department), with a five percent (10%) administrative fee.

8. **Cancellation of Sales Contracts.** Developer shall have the right to cancel any Sales Contract without liability to Project Broker for any Commissions which would have otherwise been payable hereunder. Upon any such cancellation, no Commissions shall be paid to Project Broker. Developer agrees to indemnify, defend and hold harmless Project Broker from any and all damages, costs and expenses, including reasonable attorneys' fees and costs incurred by Project Broker in connection with any claims, demands, suits or actions made by buyers and/or their agents as a result of Developer's cancellation of Sales Contracts unless such claims involve the Project Broker's breach of duty, gross negligence or willful misconduct.

9. **Compliance with Project Documents, Securities Laws, Legal Interpretations and Agency Disclosures.**

9.1 **Personnel.** Project Broker agrees that it shall be responsible for the conduct of, and representations made by, all of Project Broker's Sales Staff. Project Broker shall instruct its Sales Staff to read and become familiar with the Project Documents and any instructions that Developer may furnish from time to time.

9.2 **Securities Laws.** Project Broker agrees that it will carefully instruct its Project Sales Staff, and shall be responsible for compliance by all of its Sales Staff with the following:

9.2.1 No representations by Project Broker or its agents shall be made either directly or indirectly that the Unit or the Project will be managed or rented by Project Broker, Developer or any other party;

**9.2.2** No discussions by Project Broker or its agents regarding, or emphasizing the feasibility of, rental or the investment potential of the Units or the Project shall be made;

**9.2.3** Project Broker and its agents shall be advised that federal or Hawaii securities agencies may treat the sale of a Unit as a "security" if either of the foregoing is violated, thus rendering the sale a violation of federal and/or state securities laws, and subjecting the parties, including Developer, to possible criminal penalties and civil liabilities.

**9.3** Agency. Project Broker will disclose to all buyers prior to the execution of a Sales Contract that the Project Broker and all of its Sales Staff represent the Developer. Project Broker will submit a copy of this disclosure, signed by all buyers, with the Sales Contract. Project Broker shall represent only Developer; provided, however, that Project Broker may enter into dual agency agreements and offer subagency arrangements to any person with prior written notice to Developer,

**10.** Cooperating Brokers. Project Broker will cooperate fully with all licensed real estate brokers and sales agents and encourage their participation in the sale of Units. Project Broker will notify Cooperating Brokers of the contingencies for payment of commissions and the obligations of sales personnel under this Agreement, pursuant to written notice thereof prepared by Project Broker and approved in writing by Developer. Project Broker will have all Cooperating Brokers sign a Cooperating Broker's Agreement in form and substance acceptable to Developer.

**11. Indemnification.**

**11.1** Project Broker Indemnities. Project Broker shall indemnify, protect, defend and hold harmless Developer of and from any and all damages of any nature whatsoever, costs and expenses, including reasonable attorneys' fees, incurred by Developer in connection with any claims, controversies, demands, suits, actions, judgments, liability or obligations of any kind, whether at law or equity, arising out of or in connection with: (a) negligent representations or misrepresentations by Project Broker or its agents, sales persons or employees; (b) any breach of duty, ethical violation, negligent or intentional act or omission, or other wrongful conduct by Project Broker or its agents, sales persons or employees; and (c) any claims by Sales Staff for benefits described in Section 14 below.

**11.2** Developer Indemnities. Developer shall indemnify, protect, defend, and hold harmless Project Broker of and from any and all damages, costs and expenses, including reasonable attorney's fees, incurred by Project Broker arising out of or in connection with (a) Developer's negligence in the performance of this Agreement or breach of this Agreement; (b) any representation, warranty, or misrepresentation made to any Buyer or to Project Broker by Developer during the term of this Agreement; (c) any and all defects in the construction or design of the Project, the financing for the Project or in the establishment of a condominium

property regime for the Project; and (d) any violations of securities laws applicable to the Project.

**12. Project Documents.** Developer, at its sole expense shall provide Project Broker with a reasonable quantity of sales brochures, Sales Contracts, Condominium Public Reports, and other documents required to be provided to prospective buyers. Developer reserves the right to make changes to the documents and shall promptly inform Project Broker of any such changes. All sales brochures, Sales Contracts, files and other documents prepared or provided in connection with this Agreement shall remain the sole property of Developer. Project Broker agrees to return all such materials to Developer promptly upon termination of this Agreement and shall not use such materials directly or indirectly for any other project without the prior written consent of Developer. Developer represents and warrants to Project Broker that as of the date of this Agreement, Developer is the record owner of the real property described in Section A of the Recitals herein, and that the Developer has all necessary entitlements and financing for the development of the Project.

**13. Termination.**

**13.1 Termination Without Cause.** Either party may terminate this Agreement, without cause, by giving thirty (30) days prior written notice to the other party at any time during the term of this Agreement.

**13.2 Termination With Cause.** Developer shall have the right, upon written notice, to terminate this Agreement upon the occurrence of a violation or breach of any representation, warranty, covenant or agreement made by Project Broker in this Agreement, or if Developer determines, in its sole discretion, that Project Broker is not satisfactorily performing its duties and obligations under this Agreement; provided, however, that such termination shall not constitute a waiver of any other legal remedies available to Developer or Project Broker for the enforcement of its rights hereunder. This Agreement shall terminate ten (10) days after Project Broker's receipt of written notice of a termination with cause unless Project Broker has cured the violation or breach to Developer's reasonable satisfaction.

**13.3 Delivery of Files to Developer/Cooperation on Termination.** Upon any termination of this Agreement, Project Broker shall deliver promptly to Developer all files, plans, documents, written information and materials of any nature whatsoever related to the Project or to the Units, and cooperate in the orderly transfer of the duties hereunder to a new broker. The rights and obligations of the parties in Sections 11.1 and 11.2 shall survive the termination.

**13.4 Payment of Commissions Upon Termination.** Reserved.

**14. Independent Contractor.** Project Broker is an independent contractor and is not an employee of Developer or any other entity affiliated with Developer. Project Broker agrees that it shall be liable for, pay for, and provide for all workers' compensation, unemployment

insurance, and any other compensation or benefits, if any, payable with respect to the Sales Staff and further agrees to indemnify, protect, defend, and hold Developer and Project Manager harmless, with respect to any claims by Sales Staff relating to such compensation or benefits.

15. **Assignment.** Project Broker shall not assign, convey, anticipate, pledge, hypothecate, or otherwise transfer Project Broker's interest hereunder (including any interest in or right to any commissions hereunder) or delegate its duties hereunder.

16. **Miscellaneous.**

16.1 **Effect of Headings.** The subject headings of the sections and subsections of this Agreement are included for purposes of convenience only, and shall not affect the construction or interpretation of any of its provisions.

16.2 **Modification; Waiver.** No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by all the parties. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

16.3 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

16.4 **Parties in Interest.** Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties hereto and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, nor shall any provision of this Agreement give any third persons any right of subrogation or action over or against any party to this Agreement.

16.5 **Notices.** All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the third day after mailing if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid, and properly addressed as follows:

To Developer:

Waikiki Parkside LLC  
1334 Park View Avenue, Ste. #240  
Manhattan Beach, CA 90266  
ATTN: Peter Morgan

To Project Broker:

COLDWELL BANKER PACIFIC  
PROPERTIES, LTD.



1314 South King Street, 2nd Floor  
Honolulu, Hawaii 96814  
ATTN.: Mr. Herb Conley

Any party may change its address for the purposes of this Section by giving the other parties written notice of the new address in the manner set forth above.

**16.6 Severability.** If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby.

**16.7 Governing Law.** This Agreement shall be construed in accordance with, and governed by, the laws of the State of Hawaii and suit to enforce it shall only be brought in Hawaii.

**16.8 Attorneys' Fees.** Should either party hereto reasonably retain counsel for the purpose of enforcing or preventing the breach of any provision hereof, including but not limited to instituting any action or proceedings to enforce any provision of this Agreement, for a declaration of such party's rights or obligations hereunder or for any other judicial remedy, then the prevailing party shall be entitled to be reimbursed by the other party for all cost and expenses incurred in connection therewith, including but not limited to reasonable attorneys' fees for the services rendered to such prevailing party.

**16.9 Instruments of Further Assurance; Good Faith.** Each of the parties hereto agrees, at its own expense, to execute and deliver to the other any and all further instruments and document as either may reasonably request in order to carry out any of the provisions of this Agreement. Developer and Project Broker shall act in good faith in all respects relative to the transactions contemplated hereby.

**16.10 Time is of the Essence.** Time is specifically declared to be of the essence of this Agreement, and of acts required to be done and performed by Developer and Project Broker.

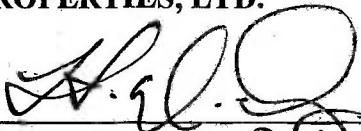
**16.11 Entire Agreement.** This Agreement constitutes the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations, and understandings of the parties.



IN WITNESS WHEREOF, the parties hereto have affixed or caused to be affixed their respective signatures on the date herein.

**PROJECT BROKER:**

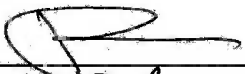
**COLDWELL BANKER PACIFIC  
PROPERTIES, LTD.**

By:   
Its Mary Dineen

By: \_\_\_\_\_  
Its \_\_\_\_\_

**DEVELOPER:**

LAUREN WALKER  
PARKSIDE LLC

By:   
Its Lauren Walker, Esq.  
Manager

By: \_\_\_\_\_  
Its \_\_\_\_\_

**OFFICE OF THE  
ASSISTANT REGISTRAR, LAND COURT  
STATE OF HAWAII  
(Bureau of Conveyances)**

The original of this document was  
recorded as follows:

DOCUMENT NO. 3182364  
DATE OCT 20 2004 TIME 10:00

LAND COURT SYSTEM

REGULAR SYSTEM

AFTER RECORDATION: RETURN BY MAIL ( ) PICK-UP ( )

Imanaka Kudo & Fujimoto  
745 Fort Street, 17<sup>th</sup> Floor  
Honolulu, Hawaii 96813  
(808) 521-9500 (HLH)

Tax Map Key No. (1) 2-6-012-003

Total Pages: 31

**DECLARATION OF CONDOMINIUM PROPERTY REGIME**

**OF**

**PALMS AT WAIKIKI**

WHEREAS, LaeRoc Waikiki Parkside, LLC, a Hawaii limited liability company, with its principal place of business and post office address at 1850 Ala Moana Boulevard, Honolulu, Hawaii 96815 ("Developer") owns, in fee simple, the real property more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Land"); and

WHEREAS, the Land contains certain improvements (the "Improvements") that are reflected in plans filed in the Office of the Registrar of the Land Court of the State of Hawaii ("Land Court") as Condominium Map No. 1614 (the "Condominium Map"), as the same may be lawfully amended or supplemented from time to time, which Condominium Map is incorporated herein by this reference;

WHEREAS, a zoning variance has been granted to achieve compliance with all applicable ordinances or codes applicable to the Project; and, use of the Improvements as a hotel is a legal non-conforming use;

NOW, THEREFORE, in order to create a fee simple condominium project consisting of the Land and the Improvements (together referred to herein as the "Project"), to be known as "PALMS AT WAIKIKI," the Developer, by this Declaration of Condominium Property Regime of Palms at Waikiki (the "Declaration"), submits the Land and the Improvements, and all of Developer's interest therein, to a condominium property regime established pursuant to Chapter 514A of the Hawaii Revised Statutes, as amended (the "Act"). The Developer hereby declares and agrees that the Project is held and shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied and improved, subject to the provisions of this Declaration and of the Bylaws of Association of Apartment Owners of Palms at Waikiki (the "Bylaws"), recorded concurrently herewith in said Land Court, as the provisions of the Declaration and the Bylaws may, from time to time, be amended in accordance with applicable law, and in accordance with the respective provisions of this Declaration and the Bylaws. The provisions of this Declaration and the Bylaws shall constitute covenants running with the land and equitable servitudes and liens

thereon, and shall be binding upon and shall inure to the benefit of the Developer, its successors and permitted assigns, and all subsequent owners and lessees of all or any part of the Project and their respective successors, successors in trust, heirs, devisees, personal representatives, executors, administrators and assigns.

**I. DEFINED TERMS.**

**A. USE OF DEFINED TERMS.** All terms when written with initial capital letters in this Declaration or in the Bylaws shall have the meaning given such terms in this Article.

**B. DEFINED TERMS.**

1. "Act" means Chapter 514A of the Hawaii Revised Statutes, as amended, or any successor statute thereto.
2. "Agreement of Sale" means an Agreement of Sale recorded in the Land Court.
3. "Apartment" means a part of the Project, as described in this Declaration and as shown on the Condominium Map intended for a use permitted under the Act, with an exit to a public street or highway, or to a Common Element leading to a public street or highway.
4. "Association" means the Association of Apartment Owners of Palms at Waikiki.
5. "Board" means the Board of Directors of the Association of Apartment Owners of Palms at Waikiki.
6. "Building" means the building situated at 1850 Ala Moana Boulevard, Honolulu, Hawaii 96815.
7. "Building Structure" means the structural components of the Building, including all perimeter and party walls, load bearing walls and columns, foundations, footings, floor slabs, girders, beams, supports, elevators, stairs and stairways, exterior walls, roofs and all other apparatus and installations existing for common use.
8. "Bylaws" means the Bylaws of the Association of Apartment Owners of Palms at Waikiki and shall include any lawful amendments thereto.
9. "Capital Improvements Reserve Fund" means that fund established by the Board to provide for specific capital improvements for the Project.
10. "Commercial Apartment" means an Apartment specifically identified as such by this Declaration, and depicted on the Condominium Map, that is not a Hotel Apartment.
11. "Common Elements" means those parts of the Project that are defined in this Declaration as Common Elements. The term Common Elements includes those portions of the Project designated in this Declaration as Limited Common Elements; provided that this inclusion shall in no way serve to infringe upon the rights of an Owner of an Apartment to which such Limited Common Elements are appurtenant.
12. "Common Expenses" means and includes: (a) all expenses pertaining to the administration, management and operation of the Project, and the maintenance, repair and replacement of, and the making of any additions and improvements to, the Common Elements, (b) all expenditures authorized by the Association pursuant to this Declaration, the Bylaws, pursuant to the Act or otherwise required by law, and (c) all sums designated as such pursuant to the Act, this Declaration or the Bylaws.
13. "Common Interest" means the undivided percentage interest set forth in the Declaration and discussed in Article III below, which percentage interest is appurtenant to an Apartment and is permanent in

character and not subject to alteration without the consent of all Owners affected, save and except that if additional Apartments of the Project are constructed and annexed to the Project as then constituted in accordance herewith, the Common Interest shall be the Common Interest as prescribed in an amendment to this Declaration. The Common Interest, as the same may be adjusted in accordance with the provisions of this Declaration, shall not be separated from the Apartment to which it appertains and shall be deemed to be conveyed or encumbered with the Apartment, even though not expressly mentioned or described in the document of conveyance or encumbrance. Any conveyance, encumbrance, judicial sale, or other transfer (voluntary or involuntary) of an undivided interest in the Common Elements shall be void unless the Apartment to which said interest is appurtenant is also transferred.

14. "Condominium Map" means that certain Condominium Map filed in the Land Court as Condominium Map No. 11074, as the same may be duly amended from time to time. The Condominium Map sets forth the layout, location, floor plans, elevations, dimensions and apartment numbers of Apartments, the name of the Project, the location, floor plans and elevations of any other buildings, the general location and layout of Common Elements and Limited Common Elements.

15. "Declaration" means this Declaration of Condominium Property Regime of Palms at Waikiki, together with any lawful amendments thereto.

16. "Developer" means LaeRoc Waikiki Parkside, LLC, and shall also include any of its permitted assigns.

17. "General Replacement Reserve" means that fund established by the Board to provide financial stability for the Project.

18. "Hotel Apartments" means Apartments other than Commercial Apartments.

19. "House Rules" means the administrative rules and regulations promulgated by the Association which govern the operation and use of the Project, as the same may be amended or supplemented from time to time.

20. "Land" means the real property described in Exhibit "A" attached hereto and shall include any additional lands annexed to the Condominium Property Regime by the Developer in the future.

21. "Land Court" means the Office of the Registrar of the Land Court of the State of Hawaii.

22. "Limited Common Elements" means those Common Elements which are designated in this Declaration as reserved for the exclusive use of one or more Apartments to the exclusion of other Apartments; provided that no amendment of this Declaration materially and adversely affecting the Limited Common Elements appurtenant to an Apartment or Apartments shall be effective without the consent of the Owner or Owners thereby directly affected.

23. "Managing Agent" means an entity or individual employed by the Association pursuant to a contract to manage the Common Elements and the Limited Common Elements.

24. "Owner" or "Apartment Owner" means a person or entity, including the Developer, owning severally or as a co-tenant, an Apartment and the Common Interest appurtenant thereto, to the extent of such interest so owned; provided that to such extent and for such purposes, including the exercise of voting rights, as shall be provided by the terms of any lease recorded in said Land Court, a lessee or sublessee of an Apartment or interest therein shall be deemed to be the Owner of such Apartment to the extent provided in such lease. The purchaser of an Apartment pursuant to an Agreement of Sale recorded in the Land Court (a "recorded Agreement of Sale") shall have the rights of an Apartment Owner, including the right to vote; provided that the seller may retain the right to vote on matters substantially affecting the seller's security interest in the Apartment as provided in Section 514A-83 of the Act. For so long as the Developer owns unsold Apartments in the Project (or to the extent that the Developer shall reacquire any Apartments in the Project), the Developer shall have the rights of an Apartment Owner,

including the right to vote, and shall assume the duties of an Apartment Owner as said rights and duties relate to said unsold Apartments (or reacquired Apartments).

25. "Project" means the condominium project established pursuant to this Declaration, including the Land and Improvements.

26. "Trustee" means that bank or trust company having a principal place of business in the State of Hawaii designated to hold and administer condemnation or insurance proceeds for the Project.

27. "Palms at Waikiki" shall be the name of the Project established by the submission of the Land and Improvements to a Condominium Property Regime under the terms and conditions set forth in this Declaration.

## **II. DESCRIPTION AND DIVISION OF PROPERTY.**

**DESCRIPTION OF THE PROJECT.** The Project consists of the Building which has fifteen (15) stories containing a Lobby Floor, a Mezzanine Floor, three (3) levels of parking designated as Parking Levels P-1, P-2 and P-3 and eleven (11) stories containing Hotel Units designated as the Second Floor, Third Floor, Fourth Floor, Fifth Floor, Sixth Floor, Seventh Floor, Eighth Floor, Ninth Floor, Tenth Floor, Eleventh Floor and Penthouse Floor. The Building is undergoing certain refurbishment work that is anticipated to be completed in December of 2004. The Project also consists of:

A. **APARTMENTS.** Two hundred sixty eight (268) freehold estates within the Building that are hereby designated in the spaces within the perimeter and party walls, windows, doors, floors and ceilings of each of the two hundred sixty eight (268) Apartments of the Project, which spaces are designated on the Condominium Map and are described as follows: two hundred sixty two (262) Hotel Apartments located in the Building on the Second through the Penthouse Floors, and six (6) Commercial Apartments located on the Lobby Floor and Mezzanine Floor. All Apartments are constructed primarily of concrete, steel and glass. No structure contains a basement.

1. **APARTMENT DESIGNATIONS AND LOCATIONS.** The Apartment designations and locations are shown on the Condominium Map and are further identified in Exhibit "B" attached hereto and incorporated herein by this reference.

2. **APARTMENT LAYOUTS AND DIMENSIONS.** The approximate areas and layouts of the Apartments are shown on the Condominium Map and are further described in Exhibit "B" attached hereto and incorporated herein by this reference.

3. **ACCESS TO PUBLIC STREETS OR HIGHWAYS.** Except as may be limited by the terms of this Declaration, each Apartment has immediate access through elevators, stairways, walkways and parking areas of the Project to public streets and to the grounds and Common Element areas of the Project.

4. **OTHER DATA IDENTIFYING AND DEFINING THE APARTMENTS.** The respective Apartments shall not be deemed to include: (a) the perimeter or party walls or the undecorated or unfinished interior surfaces thereof (except for the storefronts of Commercial Apartments, as applicable, which are considered a part of such Commercial Apartments), (b) the floors and ceilings surrounding each Apartment or the undecorated or unfinished surfaces thereof, (c) the perimeter doors, door frames, door handles, door lock set, windows and window frames and all hardware associated therewith, or the undecorated or unfinished interior surfaces thereof, (d) the interior load-bearing walls and columns, if any, or the undecorated or unfinished surfaces thereof, or (e) any pipes, shafts, ducts, pumps, conduits, wires or other utility or service lines which are utilized for or serve more than one Apartment, the same being deemed Common Elements as hereinafter provided. Each Apartment shall be deemed to include: (i) all of the walls and partitions which are not load-bearing within its perimeter or party walls, (ii) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through such Apartment which are utilized for and serve only that Apartment, (iii) the inner decorated or finished surfaces of all walls, floors and ceilings surrounding each Apartment, (iv) the inner decorated or finished surfaces of any doors, door frames, windows or window frames, and (v) all appliances and fixtures installed therein, and replacements therefor.

B. **COMMON ELEMENTS.** One freehold estate is hereby designated in all remaining portions of the Project, herein called the "Common Elements," including, specifically but not limited to:

1. The Land in fee simple and any appurtenances thereto as described on Exhibit "A";
2. The Building Structure including all perimeter or party walls and the undecorated or unfinished surfaces thereof (except for the storefronts of Commercial Apartments, as applicable, which are considered a part of such Commercial Apartments), any load-bearing walls and columns, and the undecorated or unfinished surfaces thereof, all structural components such as foundations, concrete sidewalks and curbs, floor slabs, columns, girders, beams, supports, halls, corridors, elevators, exterior stairs and stairways, main walls, roofs and ceilings;
3. All perimeter doors, door frames, door handles, door lock set, windows, window frames, and all hardware associated therewith, and the undecorated or unfinished interior surfaces thereof; whether at the perimeter of a Building Structure or at the perimeter of an Apartment;
4. All yards, grounds and landscaping, and all trash enclosures within the Project;
5. All driveways, parking areas as shown on the Condominium Map, access lanes, paved areas, ramps, loading areas and walkways within the Project;
6. All amenities and Improvements, including, without limitation, the pool and pool deck areas, the fitness room and the laundry facilities depicted on the Condominium Map, to the extent such areas are not otherwise designated as Apartments on the Condominium Map;
7. All cables, conduits, ducts, trash chute, sewer lines, electrical equipment, PBX phone equipment, door lock controller equipment, wiring, pipes, catch basins and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one Apartment for services such as power, light, water, gas, sewer, storm water, refuse, cable television and television signal distribution;
8. All unimproved areas, laundry rooms, ice machine areas, maintenance, equipment, Building Engineering area, Association employee lunch and break areas, storage areas and other similar areas which are not part of an Apartment;
9. All other apparatus and installations existing for common use, such as tanks, pumps, motors, fans, air-conditioning units including fan coil equipment located within an Apartment, compressors, ducts, shafts, vents, water heating and distribution equipment, fire suppression equipment and other such installations and apparatus;
10. All toilet facilities that are not part of an Apartment;
11. All interior areas of the Project necessary or desirable for the operation and maintenance of the hotel industry as "back-of-house" and accessory thereto, including, without limitation, the lobby areas and guest telephone areas, to the extent such areas are not otherwise characterized and defined in this Declaration as Apartments;
12. All other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use; and
13. All other areas designated on the Condominium Map as "Common Elements", or that are not designated as an Apartment or as a Limited Common Element appurtenant to an Apartment.

C. **LIMITED COMMON ELEMENTS.** Certain parts of the Common Elements, herein called the "Limited Common Elements," are hereby designated, set aside and reserved for the exclusive use of certain

Apartments, and such Apartments shall have appurtenant exclusive easements for the use of such Limited Common Elements as set forth herein. The costs and expenses of every description pertaining to the Limited Common Elements, including, but not limited to, the costs of maintenance, repair, replacement, improvement or additions to the Limited Common Elements, shall be charged to the Owner of the Apartment to which the Limited Common Element shall be appurtenant, and if there is more than one Apartment to which the Limited Common Element shall be appurtenant, then in proportion to the Common Interest appurtenant to each of the respective Apartments, unless a different method is adopted pursuant to Article IX of this Declaration. Limited Common Elements which are appurtenant to more than one Apartment shall be managed and maintained by the Managing Agent on behalf of the Owners of such Apartments. In any event that a dispute shall arise between Owners of Apartments to which a particular Limited Common Element shall be appurtenant with respect to the management and/or maintenance thereof, such dispute shall be resolved by the Managing Agent, which shall be the sole arbiter with respect to such matters. All of the Owners of Commercial Apartments to which a Limited Common Element is appurtenant, may build upon and/or alter any such Limited Common Element, may change the use of such Limited Common Element, may lease any Limited Common Element area, and, in the event that any revenues are generated from such Limited Common Element or improvements thereon or uses thereof, the Owner or Owners of the Commercial Apartments or Commercial Apartments to which such Limited Common Element is appurtenant shall be entitled to such revenues, and no other Owner shall have any right thereto.

1. **HOTEL APARTMENTS.** Hotel Apartments shall have as Limited Common Elements, the lanai areas pertaining to each Hotel Apartment, if any, and any other Limited Common Elements identified in Exhibit "B" attached hereto, to the extent such areas are not otherwise designated as Apartments on the Condominium Map.

2. **APARTMENT 105 - FRONT DESK COMMERCIAL APARTMENT.** The Front Desk Commercial Apartment also known as Apartment 105, shall have as Limited Common Elements appurtenant thereto, the areas designated as Limited Common Elements on the Condominium Map on the Lobby Floor, and the Limited Common Element areas depicted on the Second through Penthouse Floors each having 126 square feet of area, to the extent such areas are not otherwise designated as Apartments on the Condominium Map.

3. **APARTMENT M101 - OFFICE SPACE COMMERCIAL APARTMENT.** The Office Space Commercial Apartment also known as Apartment M101, shall have as a Limited Common Element appurtenant thereto, the stairwell serving such Apartment as identified on the Condominium Map on the Mezzanine Floor and all parking stalls in the Project identified on the Condominium Map as Parking Stalls 1 through 135, inclusive, HC1 through HC5, inclusive, and parking stall areas A1 and A2.

### III. **COMMON INTEREST.**

Each Apartment shall have appurtenant thereto an undivided percentage interest in all Common Elements of the Project herein called the Common Interest, and the same proportionate share in all common profits and Common Expenses of the Project, and for all other purposes, except as otherwise provided in this Declaration. The Common Interest for each Apartment is dependant upon the total number of Apartments in the Project and shall be subject to adjustment upon the creation by the Developer, of any additional apartments in the Project as hereafter provided. The Common Interests appurtenant to the Apartments subject to the Declaration are shown in Exhibit "B" attached hereto and incorporated herein by this reference. The Common Interest for each Apartment is calculated by dividing an Apartment's net living area (or net area) exclusive of any Limited Common Element areas by the sum of the net living areas of all Apartments that have been made subject to the Declaration with minor adjustments to the Common Interest for Apartment M101 to permit the total Common Interest percentage for all Apartments to equal exactly 100%. Attached hereto as Exhibit "B" are the anticipated Common Interests for Apartments.

Notwithstanding anything provided to the contrary, pursuant to Section 514A-15(a) of the Act, the Common Expenses of the Project may be apportioned in a fair and equitable manner as determined by the Managing Agent from time to time. Any profits generated from the use of a particular Apartment or Limited Common Element area shall not be deemed "common profits" subject to distribution in accordance with the Common Interest as set forth above. The Owner of a Commercial Apartments to which a Limited Common Element is appurtenant shall be entitled to all revenues and profits generated from the Limited Common Element or improvements thereon or uses thereof, and no other Owner shall have any rights thereto.

The Common Interest appurtenant to an Apartment shall not be used as a basis to cast votes in Association matters, as the number of votes which may be cast by the Owner(s) of any particular Apartment are shown in Exhibit "B" attached hereto. The procedures for voting and Owners' voting rights are set forth in the Bylaws of the Association.

#### **IV. EASEMENTS.**

In addition to any easements of record, the Apartments and the Common Elements shall also have, as an appurtenance, or be subject to, as the case may be, the following easements:

**A. EASEMENTS IN THE COMMON ELEMENTS.** Each Apartment shall have appurtenant thereto nonexclusive easements in the Common Elements designed for such purposes as ingress to, egress from, utility services for and support, maintenance and repair of such Apartment; in the other Common Elements for use according to their respective purposes, subject always to the exclusive use of the Limited Common Elements as provided herein; and in the other Apartments in the Building in which such Apartment is located for support; subject to the provisions of Section 514A-13(d) of the Act; provided, however, that with respect to any public area which may be designated as a Limited Common Element appurtenant to an Apartment, such as the corridors, stairwells and walkways appurtenant to such Apartments, a non-exclusive easement over such public area shall exist in favor of all Apartments for such purposes as ingress to and egress from such Apartments.

**B. EASEMENT FOR ENCROACHMENTS.** If any part of the Common Elements now or hereafter encroaches upon any Apartment or Limited Common Element, or if any Apartment encroaches upon the Common Elements or upon any other Apartment, a valid easement for such encroachment and the maintenance thereof, so long as it continues, shall exist. In the event that an Apartment shall be partially or totally destroyed and then rebuilt, or in the event of any shifting, settlement or movement of any part of the Project, encroachments of any parts of the Common Elements, Apartments or Limited Common Elements due to such construction, shifting, settlement or movement shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist for so long as such encroachment continues.

**C. EASEMENT FOR ACCESS TO APARTMENTS.** The Association shall have the irrevocable right, to be reasonably exercised by its Board or the Managing Agent, to enter each Apartment or Limited Common Element from time to time during reasonable hours as may be appropriate for the operation or maintenance of the Project, or at any time for making emergency repairs therein necessary to prevent damage to any Apartment, Common Element or Limited Common Element or to prevent injuries to people or otherwise in the interest of life safety.

**D. DEVELOPER'S EASEMENT TO COMPLETE RENOVATIONS TO THE PROJECT AND ALL APARTMENTS AND IMPROVEMENTS THEREOF.** To and until December 31, 2025, the Developer, its agents, employees, consultants, contractors, licensees, successors, mortgagees and assigns, shall have an easement over, under and upon the Project as may be reasonably necessary or appropriate for the completion of renovations to all Apartments and Improvements of the Project and the correction of defects therein.

**E. DEVELOPER'S EASEMENT FOR NOISE AND DUST.** To and until December 31, 2025, the Developer, its agents, employees, consultants, contractors, licensees, successors and assigns, shall have an easement over, under and upon the Project or any portion thereof, to create and cause noise, dust and other nuisances created by and resulting from any work connected with or incidental to the refurbishment and sale of any Apartment or other Improvements in the Project or the subdivision and/or consolidation and resubdivision of Apartments.

**F. DEVELOPER'S EASEMENT FOR SALES ACTIVITIES.** The Developer, its brokers, sales agents and other related persons shall have the exclusive right to conduct extensive sales, rental or leasing activities at the Project and from any accommodation owned by it, which right shall include, without limitation, showing the Project to potential buyers, renters or lessees, the use of model apartments, sales and management offices, permitting potential buyers to stay in accommodations in the Project and the use of banners, signs or other extensive displays and activities at the Project; provided, however, that such activities shall not unreasonably interfere with the use and enjoyment of the Project by Owners. Such activities may include the initial sale, resale, rental or lease of Apartments developed by Developer or its affiliated entities or for which Developer or its affiliated entities serve as a selling or listing real estate brokerage firm. In the event that the Developer's mortgage lender, if any, or any



successor to or assignee of the Developer's mortgage lender shall acquire any portion of the Project in the course of any foreclosure or other legal proceeding or in the exercise of the mortgage remedies or by a deed or an assignment in lieu of foreclosure, such mortgage lender, its successors and assigns, shall have the same rights as the Developer to conduct such extensive sales, rental or leasing activities on the Project.

Each and every party acquiring an interest in the Project or the Land hereby acknowledges that the sales, rental or leasing activities may result in noise and nuisances, and consents to such activity by the Developer, and further waives, releases and discharges any rights, claims or actions such party may acquire against the Developer, its brokers, sales agents, employees and lenders, and their respective successors and assigns as a result of any such activity or activities.

**G. DEVELOPER'S EASEMENT FOR THE SUBDIVISION AND CONSOLIDATION OF APARTMENTS, THE CONVERSION OF LIMITED COMMON ELEMENTS TO APARTMENTS.** To and until December 31, 2025, Developer, its agents, employees, consultants, contractors, licensees, successors, mortgagees and assigns, shall have an easement over, under, upon and through the Common Elements and any Limited Common Elements and through the Apartments or any portion thereof as may be reasonably necessary to effect the subdivision or consolidation of Apartments or the conversion of Limited Common Elements to Apartments, as contemplated by Articles XX and XXI below, and such easement shall allow Developer, its agents, employees, consultants, contractors, licensees, successors, mortgagees and assigns, to create and cause noise, dust and other nuisances created by and resulting from any work connected with or incidental to effecting any such subdivision or consolidation of Apartments and the conversion of Limited Common Elements to Apartments, provided that any such work is undertaken with the exercise of reasonable diligence and shall not unreasonably interfere with the use and enjoyment of the Project by Owners.

**V. ALTERATION AND TRANSFER OF INTEREST.**

Except as set forth in this Declaration, the Common Interest appurtenant to each Apartment shall have a permanent character and shall not be altered without the consent of all of the Apartment Owners affected, expressed in an amendment to this Declaration which is duly recorded in said Land Court. The Common Interest shall not be separated from the Apartment to which it appertains, and shall be deemed to be conveyed or encumbered with such Apartment even though such interest is not expressly mentioned or described in the instrument of conveyance. The Common Elements shall remain undivided, and no right shall exist to partition or divide any part thereof except as provided by the Act or by the terms of this Declaration.

Except as set forth in this Declaration, no alteration of the Common Interest or easements appurtenant to any Apartment shall be made, nor shall any partition or subdivision of any Apartment be made, without the prior written consent of the holders of any first mortgage on such Apartment, provided that such consent shall be required to be obtained only from mortgagees that give the Board written notice of their interest through the secretary of the Association or through the Managing Agent, or whose interest otherwise appears in the Association's records of ownership.

**VI. USE.**

The Project is currently located in the Waikiki Special District and in the Apartment-Mixed Use Area Precinct. The current zoning for the Project does not permit hotel use and the hotel is operated, to the best of Developer's knowledge, as a nonconforming hotel use. The Land Use Ordinance ("LUO") as currently in effect defines a hotel, dwelling unit, lodging unit and kitchen in Sec. 21-10.1 as follows:

"Hotel" means a building or group of buildings containing lodging and/or dwelling units in which 50 percent or more of the units are lodging units. A hotel includes a lobby, clerk's desk or counter with 24-hour clerk service and facilities for registration and keeping of records relating to hotel guests.

"Dwelling unit" means a room or rooms connected together, constituting an independent housekeeping unit for a family and containing a single kitchen. Two or more essentially separate

structures, except for a token connection, such as a covered walkway or a trellis, do not constitute a single dwelling unit. Unless specifically permitted in use regulations, a dwelling unit shall not include a unit used for time sharing or a transient vacation unit as defined in [the LUO].

"Lodging unit" means a room or rooms connected together, constituting an independent living unit for a family which does not contain any kitchen. Unless specifically permitted in use regulations, "lodging unit" shall not include a unit used for time sharing or a transient vacation unit as defined in this chapter.

"Kitchen" means a kitchen facility for a housekeeping unit that exists when there is, on the premises of the housekeeping unit, an item from all three of the following categories:

- (1) Fixtures, appliances or devices for heating or cooking food;
- (2) Fixtures, appliances or devices for washing utensils used for dining and food preparation and/or for washing and preparing food;
- (3) Fixtures, appliances or devices for refrigeration of food. "

If the Project were to fail to meet any part of the definition of a hotel under the LUO, its current use as a hotel would become unlawful and Developer makes no representations as to whether any other use would be lawful given the age of the Building and any other relevant factors. Therefore, a primary purpose of the use provisions of this Declaration is to continue the status of the Project as a nonconforming hotel use. The Project and each of the Apartments are intended for and shall be restricted to the following purposes and uses:

A. **GENERALLY.** Each Apartment shall be occupied and used only for the uses permitted in the applicable sections of this Section VI. An Owner may rent his Apartment to any third-party for any period permitted by applicable zoning and any rules promulgated under the zoning, provided that the rental agreement is in writing. The Owner shall provide each rental tenant with a copy of the House Rules and shall make a copy of the Declaration and Bylaws, as amended, available for the tenant's review. An Owner who rents his Apartment shall at all times remain primarily and severally liable to all other Owners and to the Association for any failure on the part of such Owner's tenant(s) to observe and comply with all provisions of this Declaration, the Bylaws, the House Rules, and all other applicable laws. The Owners of each respective Apartment shall have the absolute right, without obtaining the consent or joinder of any other Owner, to sell or otherwise transfer such Apartments subject to all provisions of the Act, this Declaration and the Bylaws. The Owners of each respective Apartment shall also have the absolute right, without obtaining the consent or joinder of any other Owner, to mortgage or otherwise transfer an interest in their respective Apartments as security for the repayment of a loan, subject to all provisions of the Act, this Declaration and the Bylaws.

B. **HOTEL APARTMENTS.** All Apartments on the Second Floor through Penthouse Floor shall be used only as hotel rooms (dwelling units or lodging units as defined by the LUO). No Owner or occupant of a lodging unit shall place or maintain in the Apartment any fixture, appliance or device of any kind for heating or cooking food including any oven, toaster oven, microwave oven, toaster, rice cooker or hotplate. No Owner or occupant of any Apartment in the Project shall do anything that will increase the number of dwelling units in the Project or decrease the number of lodging units. Because of the importance of maintaining the required ratio of lodging units to dwelling units, in the event that any Owner or occupant of a lodging unit breaches this use restriction and does not cure the breach within twenty-four (24) hours after notice from the Board to do so, the Board shall have a right of access to the lodging unit to remove the offending fixture, appliance or device and by accepting a deed to the lodging unit Apartment or taking occupancy of the Apartment, all Owners and occupants waive any claim for trespass or otherwise in connection with such entry or removal. Any advertisement or listing of any lodging unit for a period of more than thirty (30) days shall specify that the lodging unit is a lodging unit and contains no kitchen. Any rental agreement for a lodging unit shall contain a copy of this paragraph and shall require the tenant to comply with it.

**C. APARTMENT 105 – FRONT DESK COMMERCIAL APARTMENT.**

1. Apartment 105 shall at all times include a clerk's desk or counter with 24-hour clerk service and facilities for registration and keeping of records relating to hotel guests. The remainder of Apartment 105 may be used for any commercial purpose permitted by zoning and other applicable laws, provided that such use does not cause the Project to lose its status as a nonconforming hotel use.

2. The Front Desk Operator shall at all times arrange for the issuance of card keys for the front doors of all Hotel Apartments to control access to the Apartments and shall issue such card keys to Hotel Owners.

a. An Owner of a Hotel Apartment may elect:

i. to take custody of the card keys for his Hotel Apartment in which case the Front Desk Operator shall be relieved of responsibility; or

ii. may elect to leave the card keys in the custody of the Front Desk Operator with instructions to issue the card keys to the Hotel Apartment Owner's tenants or hotel guests; but in that event the Hotel Apartment Owner shall:

(a) Execute an indemnity agreement in a form provided by the Front Desk Operator relieving the Front Desk Operator and its employees and agents of liability in connection with the card keys except for gross negligence or willful misconduct;

(b) Provide the Front Desk Operator in writing from time to time the names and addresses of the persons to whom the card keys are to be issued and the dated for which they are to be issued; and

(c) Pay a reasonable fee to the Front Desk Operator for this service.

b. As used in this subsection C.2. "Front Desk Operator" means the Owner of Apartment 105 or such tenant or agent of the Owner of Apartment 105 to whom such Owner delegates its duties under this subsection b.

c. Card keys shall also be provided to the Association for access to the Hotel Apartments when such access is permitted by the Declaration, the Bylaws or the Act.

d. The Front Desk Operator may charge a reasonable fee to Owners of Hotel Apartments for issuance of card keys and replacement of lost card keys.

**D. OTHER COMMERCIAL APARTMENTS.** The other Commercial Apartments may be used for any retail or other commercial purpose permitted by zoning and other applicable laws, provided that such use does not cause the Project to lose its status as a nonconforming hotel use.

**E. PROHIBITION ON ACTIVITIES WHICH JEOPARDIZE THE PROJECT.** No Apartment Owner shall do or suffer or permit to be done anything on any Apartment or appurtenant Limited Common Element or elsewhere on the Project which will: (1) injure the reputation of the Project, (2) jeopardize the safety or soundness of the Project, (3) create a nuisance or interfere with or unreasonably disturb the rights of other Owners and occupants, (4) reduce the value of the Project, (5) result in the cancellation of insurance applicable to the Project or adversely affect the right of recovery thereunder or result in reputable companies refusing to provide insurance as required or permitted by the Bylaws, (6) increase the rate of insurance applicable to the Apartments or the contents thereof, or to the Project, or (7) contravene the terms of this Declaration.

**F. CHANGES TO BUILDING STRUCTURES AND APARTMENTS.** The Board shall have the right to change the exterior appearance of any Building Structure. The Board may delegate the foregoing responsibility to the Managing Agent. Except for the Owners of Commercial Apartments, which Owners shall have the right to change the appearance of such Apartments and any Limited Common Elements appurtenant thereto without the consent of the Board or Managing Agent, no Owner of an Apartment shall, without the prior written consent of either the Board or the Managing Agent, change or cause a change to the exterior appearance of an Apartment or Limited Common Element in any manner.

**G. OWNERS TO MAINTAIN APARTMENTS AND LIMITED COMMON ELEMENTS IN GOOD ORDER.** The Owner of an Apartment shall keep the interior of his or her Apartment and all plumbing, electrical and other fixtures and appurtenances constituting a part of the Apartment and the Limited Common Elements appurtenant thereto in good order and repair. Decisions on repairs or modifications to the Limited Common Elements shall be made by the Owners of Apartments to which such Limited Common Elements are appurtenant, subject to the provisions of Paragraph D above, and subject to any additional applicable provisions stated in the Bylaws.

**H. USE OF COMMON ELEMENTS.** Subject to the reserved rights of the Developer contained herein, each Apartment Owner may use the Common Elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other Apartment Owners, subject always to:

1. The right of the Board, upon the approval of the Owners of seventy-five percent (75%) of the Common Interest, to change the use of the Common Elements which are not also designated Limited Common Elements;

2. The right of the Board, on behalf of the Association, to lease or otherwise use for the benefit of the Association those Common Elements not actually used by any of the Apartment Owners for an originally intended special purpose and which are not also designated Limited Common Elements, as determined by the Board; provided, that unless the approval of the Owners of seventy-five percent (75%) of the Common Interest is obtained, any such lease shall not have a term exceeding five (5) years and shall contain a provision that the lease or agreement for use may be terminated by either party thereto on not more than sixty (60) days' written notice;

3. The right of the Board to lease or otherwise use for the benefit of the Association those Common Elements not falling within Article VI, Section H.2 above, which are not also designated Limited Common Elements, upon obtaining: (a) the approval of the Owners of seventy-five percent (75%) of the Common Interest, including all directly affected Owners, and (b) the approval of all mortgagees of record which hold mortgages on Apartments with respect to which owner approval is required by (a) above, if such lease or use would be in derogation of the interest of such mortgagees; and

4. The exclusive use of the Limited Common Elements as provided herein. Notwithstanding anything provided to the contrary, or from which a contrary intent may be inferred, neither the Board nor the Association shall have any right to change the use of or lease or otherwise use any Limited Common Element without the prior written consent of the Owners of all Apartments to which such Limited Common Element is appurtenant. The Owners of at least seventy-five percent (75%) of the Common Interests which are appurtenant to Apartments to which any particular Limited Common Element shall be appurtenant shall have the right to change the use of a particular Limited Common Element.

**I. DEVELOPER'S RIGHT TO USE.** Notwithstanding anything provided herein to the contrary, as long as there are unsold Apartments in the Project, Developer and its affiliates shall have the right to use any Apartment and Limited Common Elements appurtenant thereto for promotional purposes, including as sales, rental or leasing offices or as a place which is utilized to provide services to the Owners or other occupants of the Project, and Developer shall have the right to have guests stay in such Apartments for any length of time; provided, that such guests shall abide by and be subject to all of the provisions of the Declaration, By-Laws and House Rules.

## **VII. AGENT FOR SERVICE OF PROCESS.**

Wil Tanaka is hereby designated as the agent to receive service of process until such time as the Board and officers of the Association are elected, at which time and thereafter process may be served upon any officer of the Association. The principal place of business and post office address of the agent is 1850 Ala Moana Boulevard, Honolulu, Hawaii 96815.

## **VIII. ADMINISTRATION OF PROJECT.**

Administration of the Project shall be vested in the Association consisting of all Owners of the Project, in accordance with this Declaration and the Bylaws. The administration, fiscal management and operation of the Project, and the maintenance, repair, replacement and restoration of the Common Elements, and any additions and alterations thereto, shall be in accordance with the provisions of the Act, this Declaration and the Bylaws, and specifically, but without limitation, the Association shall repair, maintain, construct, replace, alter and keep all Common Elements of the Project, including, without limitation, the buildings thereof, in good order and condition, and maintain and keep the Common Elements in a neat and attractive condition, all in a manner consistent with a first-class hotel and resort destination. The Association may delegate any of its duties and obligations to the Managing Agent to the extent permitted by law.

## **IX. COMMON PROFITS AND EXPENSES.**

Other than those profits or expenses directly attributable to Limited Common Elements, the common profits of the Project shall be distributed among, and the Common Expenses shall be charged to, the Apartment Owners, including the Developer, in proportion to the Common Interest appurtenant to their respective Apartments. Notwithstanding the foregoing, in recognition of the mixed use nature of the Project, the Managing Agent may implement a formula or method whereby Common Expenses will be allocated among Apartment Owners in a fair and equitable manner. Common profits and Common Expenses attributable to Limited Common Elements shall be distributed or charged to the Owners of the Apartments to which the Limited Common Elements are appurtenant in the same proportion as the Common Interests of such Apartments bear to one another. Further, the Developer and the Association may enter into a subsidy agreement, guaranty or any other form of agreement or agreements that pertain to the payment of Common Expenses for the Project.

The Board, acting on behalf of the Association, shall from time to time assess the Common Expenses against all the Apartments in accordance with the Act, this Declaration and the By-Laws. The assessments shall be levied by mailing to the Owner of each Apartment at the address shown in the records of the Association, a written statement setting forth the amount of the assessment against the individual Apartment. All sums assessed by the Association but unpaid for the share of the Common Expenses chargeable to any Apartment, constitute a lien on the Apartment, prior to all other liens, except only: (A) liens for taxes and assessments lawfully imposed by governmental authority against the Apartment, and (B) all sums unpaid on mortgages recorded prior to the recordation of a notice of lien by the Association, and costs and expenses including attorneys' fees provided in such mortgages. The lien may be foreclosed by action by the Managing Agent or Board, acting on behalf of the Association, in like manner as a mortgage of real property. In any such foreclosure, the Owner shall be required to pay a reasonable rental for the Apartment and the plaintiff in the foreclosure shall be entitled to the appointment of a receiver to collect the same. The Managing Agent or Board, acting on behalf of the Association, may, unless otherwise prohibited in this Declaration, bid on the Apartment at the foreclosure sale, and acquire and hold, lease, mortgage and convey the same. Action to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosing or waiving the lien securing the same.

Prior to foreclosing upon such lien, the Board or Managing Agent shall provide thirty (30) days prior written notice of its intention to foreclose, by mailing such notice, postage prepaid, to all persons having an interest in such Apartment as shown in a title report pertaining to the Apartment which title report shall be dated not more than sixty (60) days prior to the date of any such notice, including, but not limited to, any holder or insurer of a mortgage of any interest in such Apartment.

Where the mortgagee of a mortgage of record or other purchaser of an Apartment obtains title to the Apartment pursuant to the mortgage or as a result of foreclosure of the mortgage, a conveyance in lieu of foreclosure, or exercise of the remedies provided in the mortgage, the acquirer of title, his successors and assigns, shall not be liable for the share of the Common Expenses or assessments by the Association chargeable to the Apartment which become due prior to the acquisition of title to the Apartment by the acquirer. The unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible from all of the Owners, including the acquirer, his successors or assigns.

**X. INSURANCE.**

The Association shall ensure all improvements of the Common Elements (except as provided in this Declaration) are insured against loss or damage as provided in the Bylaws. The cost of any premium therefor shall be a Common Expense. In every case of loss or damage to improvements of the Common Elements, insurance proceeds may be used by the Association for rebuilding, repairing or otherwise reinstating the same improvement in a good and substantial manner according to the original plan and elevation thereof or such modified plans conforming to laws and ordinances then in effect as first approved by the Board. In any event that such insurance proceeds are used for such rebuilding, repairing or otherwise reinstating such improvements, and such insurance proceeds are insufficient, the Association shall make up the deficiency and shall charge the same to all Apartment Owners as a Common Expense. In any event that there shall be any excess insurance proceeds, the same shall be distributed to the Owners in accordance with their respective Common Interests.

Each Owner appoints the Association, or any Trustee, as attorney-in-fact for the collection and appropriate disposition of the proceeds from any insurance policy, the negotiation of losses and execution of releases of liability and the performance of all other acts necessary to accomplish such things.

**XI. UNINSURED CASUALTY.**

In case at any time or times any improvements of the Common Elements shall be damaged or destroyed by any uninsured casualty, such improvements shall be rebuilt, repaired or restored unless Owners of Apartments to which are appurtenant at least seventy-five percent (75%) of the Common Interest, with the consent of their mortgagees, if such mortgagees require such consent, affirmatively vote against such rebuilding, repairing or restoration. Any such approved restoration of the Common Elements shall be completed diligently by the Association, and the cost thereof shall be a Common Expense. The Apartment Owners shall be solely responsible for any restoration of their respective Apartments and Limited Common Elements so damaged or destroyed according to the original plan and elevation thereof, or such other plan first approved by the Board. Unless such restoration is undertaken within a reasonable time after such casualty, the Association shall remove all remains of improvements so damaged or destroyed and restore the site thereof to good orderly condition and even grade, and the cost of any such removal and restoration shall be a Common Expense.

**XII. ALTERATION OF PROJECT.**

**A. GENERAL PROVISIONS.** Except as otherwise expressly provided in this Declaration to the contrary, restoration or replacement of the Project or any portion thereof or construction of any additional improvement or structural alteration or addition to any improvement, different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association or any Apartment Owner only pursuant to an amendment of this Declaration, duly executed, accompanied by the written consent of the holders of all mortgage liens affecting any of the Apartments involved, and in accordance with complete plans and specifications therefor first approved in writing by the Board. Promptly upon completion of such restoration, replacement or construction, the Association or Owner, as the case shall be, shall duly record such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.

**B. ADDITIONS OR ALTERATIONS SOLELY WITHIN AN APARTMENT OR LIMITED COMMON ELEMENT.** Notwithstanding anything to the contrary contained herein, an Owner or Owners (if there be more than one Owner of an Apartment) of an Apartment shall have the right at any time and from time to time at such Owner's or Owners' sole cost and expense, and without the necessity of the consent or joinder of any other Apartment Owner, to make any of the following alterations solely within the Apartment or Limited Common Element which

such Owner or Owners control: to install, maintain, remove and rearrange partitions (including the party wall between two Apartments owned by the same Owner or Owners and other structures from time to time within such Apartment or Limited Common Element, 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 Owners or the tenants or lessees thereof, and to tile, finish, re-carpet, and do or cause to be done such work on the floors of any Apartment or Limited Common Element; provided, however, that nothing contained in this paragraph shall authorize any work or alteration which would jeopardize the soundness or safety of any part of the Project, reduce the value thereof, materially adversely affect any other Apartment or Limited Common Element, materially alter the uniform external appearance of the Project, 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 or Owners 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 this paragraph 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 and other improvements of the Project may continue to comply with applicable law, including any fire or building code requirements.

**C. APARTMENT OWNERS TO EXECUTE AMENDMENT DOCUMENTS IN CERTAIN CASES.** In the event that any change or alteration of an Apartment pursuant to and in compliance with Article XII, Section B above shall alter the depiction of the particular Apartment on the Condominium Map or the description thereof in the Declaration, then the Owner or Owners of such Apartment shall amend this Declaration and/or the Condominium Map to set forth such approved change or alteration, which amendment(s) may be executed by the Owner or Owners of the affected Apartment or Apartments and by no other party, and such shall become effective upon the recordation thereof in said Land Court. The provisions of Article XIII below notwithstanding, such amendment shall not require the consent or joinder of the Owner of any other Apartment or any other person or entity, other than any mortgagee of such Apartment or Apartments which are changed or altered. Every Apartment Owner and 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, consents to and agrees that he shall, if required by law or by any such Owner or Owners who shall have changed or altered an Apartment as aforesaid, 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 appoints such Owner or Owners and their assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable and shall not be affected by the disability of any such party.

### **XIII. AMENDMENT OF DECLARATION.**

Except as otherwise provided herein or in the Act, this Declaration may be amended by the affirmative vote or written consent of Owners of Apartments to which are appurtenant at least seventy-five percent (75%) of the Common Interest, evidenced by an instrument in writing, signed and acknowledged by any two (2) officers of the Association, which amendment shall become effective upon the recordation thereof in the Land Court.

Notwithstanding the foregoing and notwithstanding the sale of any of the Apartments, the Developer acting alone may amend this Declaration to file the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of the Act, so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed fully and accurately depict the layout, location, apartment numbers and dimensions of the Apartments as built, or, so long as any plans filed therewith involve only immaterial changes to the layout, location, apartment numbers, or dimensions of the Apartments as built.

Notwithstanding the foregoing, the Owner or Owners of any Apartment who make a change or alteration of the Apartment pursuant to and in compliance with Article XII, Section C above may record an amendment to the Declaration and/or Condominium Map setting forth such approved change or alteration, without the consent or joinder of any other Owner, person or entity.

No amendment hereto shall negate or adversely impact any of the Developer's reserved or other rights hereunder without the prior written consent of the Developer.

Notwithstanding any of the foregoing, no amendment of this Declaration or any other condominium instrument shall effect a change in: (1) the boundaries of any Apartment or the exclusive easement rights appertaining thereto, (2) the Common Interest of any Apartment, (3) the voting rights in the Association appertaining to any Apartment, or (4) the purposes for which any Apartment or its appurtenant Limited Common Elements are restricted, unless the record Owner of the Apartment and the record holder, insurers and guarantors of a first mortgage lien on the Apartment shall join in the execution of the amendment. Further, no amendment shall be valid which changes or modifies this paragraph unless the record Owners of all Apartments and all record holders, insurers and guarantors of first mortgages on all Apartments shall consent thereto. Additionally, no amendment shall be valid which shall impair or prejudice the rights and priorities of mortgagees or change the provisions of this Declaration with respect to mortgagees without the written consent of all mortgagees of record.

#### **XIV. PARTIAL RESTORATION.**

Restoration of the Project with less than all of the Apartments after casualty or condemnation may be undertaken by the Association only (i) pursuant to an amendment to the Declaration, duly executed by or pursuant to the affirmative vote or written consent of not less than eighty percent (80%) of the Apartment Owners, and consented to in writing by all holders of first mortgage liens affecting any of the Apartments of the Apartment Owners executing or voting for such amendment to the Declaration, (ii) by removing the Project from the Condominium Property Regime established hereby, (iii) by reconstituting all of the remaining Apartments and Common Elements to be restored as a new Condominium Property Regime, and (iv) by providing for the payment to each Owner of an Apartment not to be restored of the agreed value of such Apartment and its Common Interest, which payment shall include, without prejudice to the generality of the foregoing, all of the insurance proceeds or condemnation award payable for or on account of such Apartments and the Apartment Owners' proportionate share of any Capital Improvements Reserve Fund and General Replacement Reserve without deduction for the cost of such restoration, except for the Apartment Owners' proportionate share of the cost of debris removal.

#### **XV. TERMINATION.**

Except as provided in Section 514A-21 of the Act, the Project shall not be abandoned, terminated or removed from the Condominium Property Regime created by the Declaration and the Act without the prior written approval of all mortgagees who may have an interest in the Project.

#### **XVI. INVALIDITY AND CHANGES IN LAW.**

The invalidity of any provision of this Declaration for any reason shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of this Declaration, and in such event, all of the other provisions of this Declaration shall continue in full force and effect as if such provision had never been included herein.

In the event of a change in statutory law applicable to this Project occurring after the recordation of the Declaration or the Bylaws, such change in law shall control over the provisions of the Declaration or the Bylaws only to the extent the legislative body enacting such change in law expressly provides that the provisions of such change in law shall control over provisions to the contrary in preexisting condominium documents.

#### **XVII. LAND TRUSTS.**

In the event title to any Apartment and its appurtenant Common Interest is transferred to a trustee under a land title holding trust under which substantially all powers of management, operation and control of the Apartment remain vested in the trust beneficiary or beneficiaries, the trust estate and the beneficiaries thereunder from time to time shall be liable for and shall pay all Common Expenses and all other charges, costs and expenses assessed against such Apartment or the Owner thereof pursuant to this Declaration, the By-Laws, the House Rules or the Act. No claim for payment of Common Expenses or other charges, costs or expenses shall be made against any such trustee personally, and the trustee shall not be obligated to sequester funds or trust property to apply in whole or in part against any such lien or assessment, but the amount thereof shall constitute a lien on the Apartment as provided in this Declaration, the By-Laws, and the Act, notwithstanding any transfer of beneficial interest under such trust.



#### **XVIII. COMPLIANCE BY OWNERS.**

All Apartment Owners, tenants of such Owners, employees of Owners and tenants, and any other persons who may in any manner use the Project or any part thereof submitted to the Condominium Property Regime are subject to the provisions of the Act and to the provisions of this Declaration, the By-Laws, House Rules and to all agreements, decisions and determinations lawfully made by the Association in accordance with the voting percentages established under the Act, this Declaration and the By-Laws. Each Apartment Owner shall comply strictly with the By-Laws and with the House Rules, and with the covenants, conditions and restrictions set forth in this Declaration. Failure to comply with any of the same shall be grounds for an action to recover sums due, for damages or equitable relief or both, maintainable by the Managing Agent or Board on behalf of the Association or, in a proper case, by an aggrieved Apartment Owner.

In the event of the failure of any Apartment Owner to comply fully with any of the foregoing within thirty (30) days after written demand therefor by the Association, the Association shall promptly give written notice of such failure to the holder of any mortgage of such Apartment, as shown in the Association's record of ownership or who has given the Board notice of its interest through the Secretary of the Association or the Managing Agent.

All costs and expenses, including reasonable attorneys' fees, incurred by or on behalf of the Association for:

- A. Collecting any delinquent assessments against any Owner's Apartment;
- B. Foreclosing any lien thereon;
- C. Enforcing any provision of this Declaration, the By-Laws, the House Rules or the Act; or
- D. Enforcing the rules and regulations of the Real Estate Commission;

Such amounts shall be promptly paid on demand to the Association by the Apartment Owner; provided, that if the claims upon which the Association takes any action are not substantiated, all costs and expenses, including reasonable attorneys' fees, incurred by the Owner as a result of the action of the Association, shall be promptly paid on demand to the Owner by the Association.

#### **XIX. RESERVED RIGHT TO GRANT EASEMENTS.**

Notwithstanding anything herein provided to the contrary, Developer does hereby reserve the right unto itself, its successors and assigns, to and until December 31, 2025, to delete, relocate, realign, reserve, grant and receive any and all easements and rights of way over, under and on the Common Elements (including Limited Common Elements) deemed necessary or desirable in Developer's sole discretion, including, but not limited to, easements and/or rights of way for utilities, retention ponds, sanitary and storm sewers, cable television, refuse disposal, driveways, sidewalks, parking areas and roadways, provided that such easements and/or rights of way shall not be located on or within any existing structure of the Project and shall not be exercised as to unreasonably disturb, impair or interfere with the normal use and enjoyment of the Project by the Apartment Owners.

#### **XX. RESERVED RIGHT TO CONVERT LIMITED COMMON ELEMENTS TO APARTMENTS.**

Notwithstanding anything provided to the contrary, and except as otherwise provided by law:

A. Developer shall have the right, without obtaining the approval of any party with an interest in the Project, including any other Owner and/or mortgagee, to convert a Limited Common Element appurtenant to such Apartment or Apartments owned by Developer, or any portion thereof, into a separate Apartment of the Project. In such event, Developer shall have the right, without obtaining the approval of any party with an interest in the Project, including any other Owner and/or mortgagee, to alter the physical aspects of the Limited Common Element at Developer's expense in connection with such conversion, including building such structures as may be necessary or appropriate, provided that: (1) the structural integrity of the Project is not thereby affected, (2) the finish of the

Apartment is consistent with the quality of other Apartments in the Project and any remaining portion of the Limited Common Element not converted to an Apartment, if any, is restored, to the extent feasible, to a condition substantially compatible with that of the Limited Common Element prior to such conversion, and (3) all construction activity necessary to any such conversion shall be completed within a reasonable period of time after the commencement thereof, subject to delays beyond the control of the Developer or its contractors, whether caused by strikes, the unavailability of construction materials or otherwise, 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.

B. The Developer shall have the reserved right to designate certain Common Elements or Limited Common Elements of the Project as Limited Common Elements appurtenant to the newly-created Apartment; provided that there is no material adverse effect on the remainder of the Project.

Any such conversion of a Limited Common Element into an Apartment or Apartments as provided above shall be effective provided that:

1. Developer shall record or cause to be recorded an amendment to this Declaration describing the Apartment(s) in question and setting forth at least: (a) a description of the newly formed Apartment(s), and (b) the Common Interests appurtenant to the newly formed Apartments and existing Apartments.

2. Developer shall record or cause to be recorded an Amendment to the Condominium Map to show the floor plans and elevations for the newly-created Apartment, as necessary, together with a verified statement of registered architect or professional engineer, in the manner required by Section 514A-12 of the Act, that said Condominium Map, as so amended, contains an accurate copy of portions of the plans of the newly-created Apartment(s) as filed with and approved by the county officer having jurisdiction over the issuance of permits for the completion of buildings, and that the plans fully and accurately depict the layout, location, apartment number(s), and dimensions of the Apartment(s) as built; and

3. Any such alteration associated with such conversion shall comply in all respects with all applicable governmental codes, statutes, ordinances and rules and regulations.

The right to amend the aforesaid Declaration and Condominium Map to effect the conversion of any Limited Common Element into an Apartment and the alterations to floor plans shall occur at any time or times prior to December 31, 2025, and Developer may, without being required to obtain the consent or joinder of any Owner, lien holder or other persons, execute, deliver and record amendments to the Declaration and Condominium Map and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the foregoing rights, powers or privileges.

Each and every party acquiring an interest in the Project, by such acquisition, consents to such conversions of the Limited Common Elements, to the recalculation of the Common Interests appurtenant to each Apartment upon such conversion, if necessary, and to the recording of any and all documents necessary to effect the same in the Land Court, including any amendment or amendments of this Declaration and the Condominium Map; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same, including, without limitation, any deed conveying any newly-created Apartment or conveying Common Interests (or portions thereof) which may be appurtenant to particular Apartments in the Project; and appoints the Developer and its assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be affected by the disability of such party or parties; which grant of such power shall be binding upon any assign of, or successor-in-interest to, any such party and shall be deemed to be automatically granted anew by any assign or successor-in-interest upon any transfer of any Apartment or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

#### **XXI. RESERVED RIGHT TO SUBDIVIDE AND CONSOLIDATE APARTMENTS.**

Notwithstanding anything provided to the contrary, and except as otherwise provided by law:

A. Developer shall have the reserved right, without obtaining the approval of any party with an interest in the Project, including any other Owner and/or mortgagee, to: (1) alter the floor plan of any Apartment which it owns at any time provided that the Common Interest appurtenant to the Apartment shall not change, (2) cause the subdivision of any Apartment which it owns at any time to create two or more Apartments provided that the total Common Interest appurtenant to the newly created Apartments shall equal the Common Interest appurtenant to the original Apartment; (3) convert certain portions of any existing Apartment to Common Element status to facilitate any subdivision provided that the total Common Interest appurtenant to the newly created Apartment(s) shall equal the Common Interest appurtenant to the original Apartment, and (4) to convert a Limited Common Element appurtenant to an Apartment or Apartments owned by Developer, or any portion thereof, into a separate Apartment of the Project.

B. Developer may convert any Limited Common Element appurtenant to an Apartment owned by Developer, at Developer's expense, and an Owner of any two Apartments separated by a party wall, floor or ceiling, Developer shall have the right, without obtaining the approval of any party with an interest in the Project, including any other Owner and/or mortgagee, to consolidate two or more Apartments and to alter or remove all or portions of the intervening wall, floor or ceiling at Developer's expense provided that: (1) the structural integrity of the Project is not thereby affected, (2) the finish of the Common Element then remaining is restored to a condition substantially compatible with that of the Common Element prior to such alteration, and (3) 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 delays beyond the control of the Developer or its contractors, whether caused by strikes, the unavailability of construction materials or otherwise, 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.

C. The Developer, in the process of consolidating Apartments, shall have the right to convert that area between Apartments to an Apartment (as opposed to the same remaining a Common Element) for so long as such Apartments shall remain consolidated or shall continue to be commonly used or owned.

Any such alteration, subdivision or consolidation of Apartment(s), or conversion of Limited Common Elements as provided above shall be effective provided that:

1. Developer shall record or cause to be recorded an amendment to this Declaration describing the Apartment(s) in question and setting forth at least: (a) a description of the newly formed Apartment(s); (b) in the case of the consolidation of Apartments by Developer, the undivided percentage interest appurtenant to the newly formed Apartment, which shall be calculated by adding together the undivided percentage interests for the Apartments to be consolidated; or (c) in the case of the subdivision of an Apartment by Developer, the undivided percentage interest appurtenant to each of the newly formed Apartments, which shall equal the total of the undivided interest appurtenant to the original Apartment.

2. Developer shall record or cause to be recorded an Amendment to the Condominium Map for the Apartment(s) being altered, subdivided or consolidated to show an amended floor plan, as necessary, together with a verified statement of registered architect or professional engineer, in the manner required by Section 514A-12 of the Act, that said Condominium Map, as so amended, is an accurate copy of portions of the plans of the altered Apartment(s) as filed with and approved by the county officer having jurisdiction over the issuance of permits for the completion of buildings, and that the plans fully and accurately depict the layout, location, apartment numbers, and dimensions of the Apartments as built; and

3. Any such alteration shall comply in all respects with all applicable governmental codes, statutes, ordinances and rules and regulations, or with all variances granted therefrom.

The Developer expressly reserves the right to amend the aforesaid Declaration and Condominium Map to effect any subdivision or consolidation of Apartments or alterations to floor plans at any time or times prior to December 31, 2025, and Developer may, without being required to obtain the consent or joinder of any Owner, lien holder or other persons, execute and record amendments to the Declaration and Condominium Map and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the rights, powers or privileges herein reserved to Developer.

## **XXII. RESERVED RIGHT TO MODIFY PROJECT.**

Developer shall have the reserved right, but not the obligation, to and until December 31, 2025, to effect such modifications to Apartments and Common Elements in the Project and/or to execute, record and deliver any amendments to this Declaration, the Condominium Map as well as the Bylaws and House Rules promulgated hereunder, as may be necessary or required to effect compliance by the Project, the Association, or by the Developer, with laws which apply to the Project, including, without limitation, the Fair Housing Act, as amended, 42 U.S.C. §§3601 *et seq.*, including any and all rules and regulations promulgated thereunder, and the Americans With Disabilities Act, as amended, 42 U.S.C. §§12101 *et seq.*, including any and all rules and regulations promulgated thereunder (the "ADA"). For instance, the Developer will have the right to re-stripe parking stalls and reconfigure parking stalls to meet the requirements of the ADA, if necessary.

Each and every party acquiring an interest in the Project, by such acquisition, consents to any reserved rights of the Developer stated in this Declaration, including, but not limited to, rights related to consolidation and/or alteration or conversion, to the recalculation of the Common Interests appurtenant to each Apartment upon such subdivision and/or consolidation, and to the recording of any and all documents necessary to effect the same in said Land Court, including any amendment or amendments of this Declaration and the Condominium Map; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be affected by the disability of such party or parties; which grant of such power shall be binding upon any assign of, or successor-in-interest to, any such party and shall be deemed to be automatically granted anew by any assign or successor-in-interest upon any transfer of any Apartment or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

## **XXIII. RESERVED RIGHT TO UTILIZE LIMITED COMMON ELEMENT AREAS.**

The Owner of a Commercial Apartment shall have the reserved right, but shall have no obligation, to operate, lease and/or utilize all or any part of the Limited Common Elements of the Project, and which are appurtenant to such Apartment, for any purpose permitted by law, including, without limitation, for purposes related to the sale of real estate, or providing services and amenities conducive to a first-class hotel and resort destination. The Owners of Commercial Apartments may contract with various providers of goods and services, such as food and beverage operators, retail stores and other vendors, to provide goods and services at the Project, and may retain any compensation paid to the Owners in consideration of the Owners permitting any such vendor to utilize space at the Project.

## **XXIV. RESERVED RIGHT TO REDESIGNATE LIMITED COMMON ELEMENTS AS APPURTENANT TO OTHER APARTMENTS.**

Developer shall have the reserved right, to and until December 31, 2025, to amend this Declaration to designate all or a portion of certain Limited Common Elements as may be appurtenant to any Apartment owned by Developer, to another Apartment or Apartments owned by Developer, and to execute, record and deliver any amendments to this Declaration and to the Condominium Map, as may be necessary or required to effect the same.

The right to redesignate Limited Common Elements, and, to the extent necessary, to amend the aforesaid Declaration to effect the same shall occur at any time or times prior to December 31, 2025, and Developer may, without being required to obtain the consent or joinder of any Owner, lien holder or other persons, execute, deliver and record any deed and/or amendments to this Declaration and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the foregoing rights, powers or privileges.

## **XXV. RESERVED RIGHT TO CONVEY APARTMENTS AND LIMITED COMMON ELEMENTS TO ASSOCIATION.**

The Developer shall have the reserved right, but not the obligation, to convey Apartments that are owned by the Developer and free of liens to the Association and to redesignate Limited Common Elements appurtenant to

Apartments owned by the Developer to limited common elements appurtenant to Apartments owned by the Association and to the extent necessary or required, to amend this Declaration and the Condominium Map to effect the same.

The right to convey such Apartments, and, to the extent necessary, to amend the aforesaid Declaration to effect the same shall occur at any time or times prior to December 31, 2025, and Developer may, without being required to obtain the consent or joinder of any Owner, lien holder or other persons, execute, deliver and record any deed and/or amendments to this Declaration and any and all other instruments necessary or appropriate for the purpose of carrying out the provisions or exercising the foregoing rights, powers or privileges.

#### **XXVI. RESERVED RIGHT TO WITHDRAW APARTMENTS.**

Developer shall have the reserved right, to and until December 31, 2025, to withdraw from the operation of this Declaration, any Apartments in the Project owned by Developer, including, without limitation, Apartments 1205, 1207, 1208, 1209 and 1210 of the Project. The withdrawal of Apartments from the operation of this Declaration shall be subject to, and the Developer shall, at its own expense, comply with, all of the then-applicable governmental laws and rules and regulations.

Upon the exercise of said reserved right to withdraw Apartments from the operation of this Declaration, Developer shall, at Developer's expense and without being required to obtain the consent or joinder of any apartment owner or lienholder, execute and file in the Land Court, an amendment to the Declaration and the Condominium Map: (i) describing the withdrawn apartments; (ii) where applicable and appropriate, granting, reserving, canceling or relocating easements over, under and on the Common Elements; and (iii) increasing the Common Interest for Commercial Apartment M101 or any other Apartment in the Project owned by the Developer by the amount of Common Interests attributable to the withdrawn Apartments. The filing of the amendment to this Declaration and the Condominium Map shall effectuate the withdrawal of Apartments, without any further consent or joinder of any party. The Developer shall have the right, as grantor, to execute and deliver a deed of the withdrawn Apartments upon filing of the amendments aforesaid.

Each and every party acquiring an interest in the Project, or in the Land, by such acquisition, consents to such withdrawal, the execution, recordation and delivery of any instrument of conveyance therefor, and/or the granting, reserving, cancellation or relocation of easements and/or rights-of-ways as provided in this Article, and to the amendment or amendments of this Declaration and the Condominium Map and the recordation thereof in the Land Court to effect the same; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its assigns his attorney-in-fact with full power of substitution to execute and deliver such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be affected by the disability of such party or parties; which grant of such power shall be binding upon any assign of, or successor-in-interest to, any such party and shall be deemed to be automatically granted anew by any assign or successor-in-interest upon any transfer of any Apartment or any interest therein, whether by deed, mortgage, or any other instrument of conveyance.

#### **XXVII. ASSIGNMENT OF RESERVED RIGHTS.**

Notwithstanding anything stated herein to the contrary, the rights reserved to the Developer in this Declaration shall be fully assignable by the Developer in whole or in part, and every Owner of an Apartment in the Project and all holders of liens affecting any of the Apartments and each and every other party acquiring an interest in the Project, in the Land, or any part thereof, by acquiring such Apartment, lien or other interest, consents to any such assignment by Developer, and, to the extent designated by the Developer, agrees to recognize any assignee such as the "Developer" under this Declaration.

#### **XXVIII. CONSENT TO DEVELOPER'S RESERVED RIGHTS; APPOINTMENT OF DEVELOPER AND ASSOCIATION AS ATTORNEY-IN-FACT.**

Each and every party acquiring an interest in the Project, by such acquisition, consents to all of the rights reserved unto Developer as set forth in this Declaration; and to the recording of any and all documents necessary to effect the same in said Bureau; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints Developer and its assigns his attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such things on his behalf, and to receive or send any legal notices required by law, and to receive service of process (legal papers) as to legal proceedings in the Bureau of Conveyances of the State of Hawaii, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be affected by the disability of such party or parties; which grant of such power shall be binding upon any assign of, or successor-in-interest to, any such party and shall be deemed to be automatically granted anew by any assign or successor-in-interest upon any transfer of any Apartment or any interest therein, whether by deed, mortgage, or any other instrument of conveyance. Without limitation to the generality of the rights reserved unto Developer hereunder, Developer reserves the right to execute, deliver and file any amendment to this Declaration or to the Condominium Map, Bylaws and/or House Rules, any easement instrument, any deed, any Apartment Deed or amendment to an Apartment Deed, assignment of rights or interest, or such other document or instrument that may be necessary or appropriate to permit Developer to exercise its rights pursuant to the provisions of this Declaration.

#### **XXIX. ALTERNATIVE DISPUTE RESOLUTION.**

In the event of the occurrence of any controversy or claim arising out of, or related to, this Declaration or to the Common Elements or to the Improvements in the Project ("dispute"), if the dispute cannot be resolved by negotiation, the parties to the dispute agree to submit the dispute to mediation by a mediator mutually selected by the parties. If the parties are unable to agree upon a mediator, then the mediator shall be appointed by the American Arbitration Association. In any event, the mediation shall take place within thirty (30) days of the date that a party gives the other party written notice of its desire to mediate the dispute. If the dispute is not resolved through mediation, the dispute shall be resolved by arbitration pursuant to this Article and the then-current rules and supervision of the American Arbitration Association. The duties to mediate and arbitrate hereunder shall extend to any officer, employee, shareholder, principal, partner, agent trustee-in-bankruptcy, affiliate, subsidiary, third-party beneficiary, or guarantor of all parties making or defending any claim which would otherwise be subject to this Article.

The arbitration shall be held in the State of Hawaii before a single arbitrator who is knowledgeable in the subject matter at issue. The arbitrator's decision and award shall be final and binding and may be entered in any court having jurisdiction thereof. The arbitrator shall not have the power to award punitive, exemplary, or consequential damages, or any damages excluded by, or in excess of, any damage limitations expressed in this Declaration or any other agreement between the parties. In order to prevent irreparable harm, the arbitrator may grant temporary or permanent injunctive or other equitable relief for the protection of property rights.

Issues of arbitrability shall be determined in accordance with the federal substantive and procedural laws relating to arbitration; all other aspects of the dispute shall be interpreted in accordance with, and the arbitrator shall apply and be bound to follow, the substantive laws of the State of Hawaii. Each party shall bear its own attorneys' fees associated with negotiation, mediation, and arbitration, and other costs and expenses shall be borne as provided by the rules of the American Arbitration Association.

If court proceedings to stay litigation or compel arbitration are necessary, the party who unsuccessfully opposed such proceedings shall pay all associated costs, expenses, and attorneys' fees that are reasonably incurred by the other party.

The arbitrator may order the parties to exchange copies of nonrebuttable exhibits and copies of witness lists in advance of the arbitration hearing. However, the arbitrator shall have no other power to order discovery or depositions unless and then only to the extent that all parties otherwise agree in writing.

Neither a party, witness, or the arbitrator may disclose the facts of the underlying dispute or the contents or results of any negotiation, mediation, or arbitration hereunder without prior written consent of all parties, unless and then only to the extent required to enforce or challenge the negotiated agreement or the arbitration award, as required by law, or as necessary for financial and tax reports and audits.

No party may bring a claim or action, regardless of form, arising out of or related to this Declaration or to the Common Elements or to the Improvements of the Project, including any claim of fraud, misrepresentation, or fraudulent inducement, more than one year after the cause of action accrues, unless the injured party cannot reasonably discover the basic facts supporting the claim within one year.

Notwithstanding anything to the contrary in this Article, in the event of alleged violation of a party's property or equitable rights, including, but not limited to, unauthorized disclosure of confidential information, that party may seek temporary injunctive relief from any court of competent jurisdiction pending appointment of an arbitrator. The party requesting such relief shall simultaneously file a demand for mediation and arbitration of the dispute, and shall request the American Arbitration Association to proceed under its rules for expedited procedures. In no event shall any such court-ordered temporary injunctive relief continue for more than thirty (30) days.

If any part of this Article is held to be unenforceable, it shall be severed and shall not affect either the duties to mediate and arbitrate hereunder or any other part of this Article.

#### **XXX. INVALIDITY AND CHANGES IN LAW.**

The invalidity of any provision of this Declaration for any reason shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of this Declaration, and, in such event, all of the other provisions of this Declaration shall continue in full force and effect as if such provision had never been included herein.

In the event of a change in statutory law applicable to this Project occurring after the filing of the Declaration or the Bylaws, such change in law shall control over the provisions of the Declaration or the Bylaws only to the extent the legislative body enacting such change in law expressly provides that the provisions of such change in law shall control over provisions to the contrary in preexisting condominium documents.

(The remainder of this page has intentionally been left blank)

IN WITNESS WHEREOF, the undersigned have executed these presents this 11th day of MAY, 2004.

LAEROC WAIKIKI PARKSIDE, LLC  
a Hawaii limited liability company

By LAEROC PARTNERS, INC.,  
a California corporation  
Its Manager

By Kim Alan Benjamin President  
Kim Alan Benjamin  
Its President

STATE OF California  
COUNTY OF Los Angeles

SS:

On this 11th day of May, 2004, before me appeared KIM ALAN BENJAMIN, to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable, in the capacities shown, having been duly authorized to execute such instrument in such capacities.

Name: Miriam Maltinsky  
Notary Public, State of California  
My commission expires: Sept. 4, 2005





## **EXHIBIT "A"**

### **PROPERTY DESCRIPTION**

All of that certain parcel of land situate at Kalia, District of Honolulu, City and County of Honolulu, State of Hawaii, being more particularly described as follows:

Lot 52-A-1, area 7,778.0 square feet, more or less, and Lot 52-B-1, area 12.0 square feet, more or less, as shown on Map No. 36, and Lot 48-A-1, area 6,383.0 square feet, more or less, and Lot 50-A-1, area 6,440.0 square feet, more or less, as shown on Map No. 38, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 852 of Bishop Trust Company, Limited, Trustee.

TOGETHER WITH an easement for all purposes across Lots 48-B and 50-B appurtenant to Lots 48-A-1 and 50-A-1.

Being the land described in that certain Warranty Deed dated August 24, 2001, made by and between K.S.K. (OAHU) LIMITED PARTNERSHIP, a Hawaii limited partnership, as Grantor, and LAEROC WAIKIKI PARKSIDE, LLC, a Hawaii limited liability company, as Grantee, recorded in said Office on August 24, 2001 as Document No. 2731977, and duly noted on Land Court Certificate of Title No. 589,819.

SUBJECT, HOWEVER, to the following:

1. Any facts, rights, interests, or claims which may exist or arise by reason of the following facts disclosed by survey dated June 23, 2001 prepared by Masumi Fukushima, Licensed Professional Land Surveyor, with Austin, Tsutsumi & Associates, Inc.:
  - a) A galvanized iron pipe encroach from Lot 48-A-1 into Lot 46-A-1, as shown on Map No. 31, filed in said Office with Land Court Application No. 852 of Bishop Trust Company, Limited, as Trustee.
  - b) Portions of the improvements on Lot 48-A-1 into Lot 46-A-1.
  - c) A drain pipe encroaches from Lot 48-A-1 into Lot 46-A-1.
  - d) Reserve parking signs are attached to a wall located within Lot 48-A-1.
  - e) Junction boxes, electric lights and conduit pipe are attached to a wall located within Lot 52-A-1.
  - f) A wooden fence encroaches from Lot 53, as shown on Map No 15, filed in said Office with Land Court Application No 852 of Bishop Trust Company, Limited, as Trustee, into Lot 52-A-1.
  - g) Asphalt/Concrete pavement encroaches from Lot 53 into Lot 52-A-1; and
  - h) Portions of the improvements on Lot 54, as shown on Map No 15, filed in said Office with Land Court Application No 852 of Bishop Trust Company, Limited, as Trustee into Lot 52-A-1.
2. -AS TO LOT 48-A-1:-

Terms, provisions, conditions and restrictions and the failure to comply with such terms, provisions, conditions and restrictions, as contained in that certain Encroachment Agreement and License dated August 20, 2001, recorded in said Office as Document No. 2730237, by and between Verizon Hawaii, Inc., a Hawaii corporation and K.S.K. (Oahu) Limited Partnership, a Hawaii limited partnership.

3. Real Property Mortgage and Financing Statement dated October 19, 2004, made by and between Laeroc Waikiki Parkside, LLC, a Hawaii limited liability company, as Mortgagor, and First Hawaiian Bank, a Hawaii corporation, as Mortgagee, recorded in said Office as Document No. 3181667.
4. UCC-1 Financing Statement recorded at the Bureau of Conveyances, showing  
  
Debtor: Laeroc Waikiki Parkside, LLC  
Secured Party: First Hawaiian Bank  
Dated: None Shown  
Recorded: October 19, 2004, at the Bureau of Conveyances of the State of Hawaii, Document No. 2004-213410.
5. Any unrecorded or unfiled leases, subleases or rental agreements and any liens, charges or exceptions against any lessees, sublessees or tenants named therein.

**END OF EXHIBIT "A"**

# EXHIBIT "B"

## Apartment Descriptions

| Apartment Number | Apartment Types* | Bedrooms/<br>Baths/Kitchen | Net Square Footage** | Net Lanai Area | Common Interest*** |
|------------------|------------------|----------------------------|----------------------|----------------|--------------------|
| 101              | Commercial       | Not Applicable             | 7619                 | None           | 8.564235%          |
| 102              | Commercial       | Not Applicable             | 390                  | None           | 0.438384%          |
| 103              | Commercial       | Not Applicable             | 136                  | None           | 0.152873%          |
| 104              | Commercial       | Not Applicable             | 94                   | None           | 0.105662%          |
| 105              | Commercial       | Not Applicable             | 136                  | None           | 0.152873%          |
| M101             | Commercial       | Not Applicable             | 2237                 | None           | 2.514527%          |
| 202              | E                | 0/1/0                      | 360                  | 61             | 0.404663%          |
| 205              | I                | 1/1/1                      | 793                  | 108            | 0.891382%          |
| 206              | H                | 0/1/0                      | 550                  | 134            | 0.618235%          |
| 207              | CR               | 0/1/0                      | 271                  | 48             | 0.304621%          |
| 209              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 210              | A                | 0/1/0                      | 323                  | 41             | 0.363072%          |
| 211              | CR               | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 212              | AR               | 0/1/0                      | 322                  | 41             | 0.361948%          |
| 214              | B                | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 215              | C                | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 216              | AR               | 0/1/0                      | 321                  | 42             | 0.360824%          |
| 217              | DR               | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 218              | A                | 0/1/0                      | 312                  | 42             | 0.350708%          |
| 219              | C                | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 220              | B                | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 221              | CR               | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 222              | A                | 0/1/0                      | 315                  | 41             | 0.354080%          |
| 223              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 224              | AR               | 0/1/0                      | 314                  | 41             | 0.352956%          |
| 225              | CR               | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 227              | J                | 1/1/1                      | 546                  | 46             | 0.613738%          |
| 301              | G/ADA            | 0/1/0                      | 298                  | 46             | 0.334971%          |
| 302              | E/ADA            | 0/1/0                      | 359                  | 43             | 0.403539%          |
| 303              | K                | 0/1/0                      | 226                  | 14             | 0.254038%          |
| 304              | B                | 0/1/0                      | 309                  | 14             | 0.347335%          |
| 305              | C                | 0/1/0                      | 246                  | 48             | 0.276519%          |
| 306              | F                | 0/1/0                      | 244                  | 40             | 0.274271%          |
| 307              | CR               | 0/1/0                      | 271                  | 48             | 0.304621%          |
| 308              | B/ADA            | 0/1/0                      | 285                  | 14             | 0.320358%          |
| 309              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 310              | A                | 0/1/0                      | 323                  | 41             | 0.363072%          |
| 311              | CR               | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 312              | AR               | 0/1/0                      | 322                  | 41             | 0.361948%          |
| 314              | B                | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 315              | C                | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 316              | AR               | 0/1/0                      | 321                  | 42             | 0.360824%          |
| 317              | DR               | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 318              | A                | 0/1/0                      | 312                  | 42             | 0.350708%          |
| 319              | C                | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 320              | BR               | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 321              | CR               | 0/1/0                      | 271                  | 47             | 0.304621%          |

| Apartment Number | Apartment Types* | Bedrooms/<br>Baths/Kitchen | Net Square Footage** | Net Lanai Area | Common Interest*** |
|------------------|------------------|----------------------------|----------------------|----------------|--------------------|
| 322              | A                | 0/1/0                      | 315                  | 41             | 0.354080%          |
| 323              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 324              | AR               | 0/1/0                      | 314                  | 41             | 0.352956%          |
| 325              | CR               | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 327              | C                | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 329              | DR/ADA           | 0/1/0                      | 265                  | None           | 0.297877%          |
| 401              | G/ADA            | 0/1/0                      | 298                  | 46             | 0.334971%          |
| 402              | E/ADA            | 0/1/0                      | 359                  | 43             | 0.403539%          |
| 403              | K                | 0/1/0                      | 226                  | 14             | 0.254038%          |
| 404              | B                | 0/1/0                      | 309                  | 14             | 0.347335%          |
| 405              | C                | 0/1/0                      | 246                  | 48             | 0.276519%          |
| 406              | F                | 0/1/0                      | 244                  | 40             | 0.274271%          |
| 407              | CR               | 0/1/0                      | 271                  | 48             | 0.304621%          |
| 408              | B/ADA            | 0/1/0                      | 285                  | 14             | 0.320358%          |
| 409              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 410              | A                | 0/1/0                      | 323                  | 41             | 0.363072%          |
| 411              | CR               | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 412              | AR               | 0/1/0                      | 322                  | 41             | 0.361948%          |
| 414              | B                | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 415              | C                | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 416              | AR               | 0/1/0                      | 321                  | 42             | 0.360824%          |
| 417              | DR               | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 418              | A                | 0/1/0                      | 312                  | 42             | 0.350708%          |
| 419              | C                | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 420              | BR               | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 421              | CR               | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 422              | A                | 0/1/0                      | 315                  | 41             | 0.354080%          |
| 423              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 424              | AR/ADA           | 0/1/0                      | 314                  | 41             | 0.352956%          |
| 425              | CR               | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 427              | C                | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 429              | DR               | 0/1/0                      | 265                  | None           | 0.297877%          |
| 501              | G                | 0/1/0                      | 298                  | 46             | 0.334971%          |
| 502              | E                | 0/1/0                      | 359                  | 43             | 0.403539%          |
| 503              | K                | 0/1/0                      | 226                  | 14             | 0.254038%          |
| 504              | B                | 0/1/0                      | 309                  | 14             | 0.347335%          |
| 505              | C                | 0/1/0                      | 246                  | 48             | 0.276519%          |
| 506              | H                | 0/1/0                      | 550                  | 56             | 0.618235%          |
| 507              | CR               | 0/1/0                      | 271                  | 48             | 0.304621%          |
| 509              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 510              | A                | 0/1/0                      | 323                  | 41             | 0.363072%          |
| 511              | CR               | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 512              | AR               | 0/1/0                      | 322                  | 41             | 0.361948%          |
| 514              | B                | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 515              | C                | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 516              | AR               | 0/1/0                      | 321                  | 42             | 0.360824%          |
| 517              | DR               | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 518              | A                | 0/1/0                      | 312                  | 42             | 0.350708%          |
| 519              | C                | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 520              | BR               | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 521              | CR               | 0/1/0                      | 271                  | 47             | 0.304621%          |

**EXHIBIT "B"**  
(Page 2 of 6)

| Apartment Number | Apartment Types* | Bedrooms/<br>Baths/Kitchen | Net Square Footage** | Net Lanai Area | Common Interest*** |
|------------------|------------------|----------------------------|----------------------|----------------|--------------------|
| 522              | A                | 0/1/0                      | 315                  | 41             | 0.354080%          |
| 523              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 524              | AR               | 0/1/0                      | 314                  | 41             | 0.352956%          |
| 525              | CR               | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 527              | C                | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 529              | DR               | 0/1/0                      | 265                  | None           | 0.297877%          |
| 601              | G                | 0/1/0                      | 298                  | 46             | 0.334971%          |
| 602              | E                | 0/1/0                      | 359                  | 43             | 0.403539%          |
| 603              | K                | 0/1/0                      | 226                  | 14             | 0.254038%          |
| 604              | B                | 0/1/0                      | 309                  | 14             | 0.347335%          |
| 605              | C                | 0/1/0                      | 246                  | 48             | 0.276519%          |
| 606              | H                | 0/1/0                      | 550                  | 56             | 0.618235%          |
| 607              | CR               | 0/1/0                      | 271                  | 48             | 0.304621%          |
| 609              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 610              | A                | 0/1/0                      | 323                  | 41             | 0.363072%          |
| 611              | CR               | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 612              | AR               | 0/1/0                      | 322                  | 41             | 0.361948%          |
| 614              | B                | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 615              | C                | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 616              | AR               | 0/1/0                      | 321                  | 42             | 0.360824%          |
| 617              | DR               | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 618              | A                | 0/1/0                      | 312                  | 42             | 0.350708%          |
| 619              | C                | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 620              | BR               | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 621              | CR               | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 622              | A                | 0/1/0                      | 315                  | 41             | 0.354080%          |
| 623              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 624              | AR               | 0/1/0                      | 314                  | 41             | 0.352956%          |
| 625              | CR               | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 627              | C                | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 629              | DR               | 0/1/0                      | 265                  | None           | 0.297877%          |
| 701              | G                | 0/1/0                      | 298                  | 46             | 0.334971%          |
| 702              | E                | 0/1/0                      | 360                  | 43             | 0.404663%          |
| 703              | K                | 0/1/0                      | 226                  | 14             | 0.254038%          |
| 704              | B                | 0/1/0                      | 309                  | 14             | 0.347335%          |
| 705              | C                | 0/1/0                      | 246                  | 48             | 0.276519%          |
| 706              | F                | 0/1/0                      | 244                  | 40             | 0.274271%          |
| 707              | CR               | 0/1/0                      | 271                  | 48             | 0.304621%          |
| 708              | B                | 0/1/0                      | 285                  | 14             | 0.320358%          |
| 709              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 710              | A                | 0/1/0                      | 323                  | 41             | 0.363072%          |
| 711              | CR               | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 712              | AR               | 0/1/0                      | 322                  | 41             | 0.361948%          |
| 714              | B                | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 715              | C                | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 716              | AR               | 0/1/0                      | 321                  | 42             | 0.360824%          |
| 717              | DR               | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 718              | A                | 0/1/0                      | 312                  | 42             | 0.350708%          |
| 719              | C                | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 720              | BR               | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 721              | CR               | 0/1/0                      | 271                  | 47             | 0.304621%          |

**EXHIBIT "B"**  
**(Page 3 of 6)**

| Apartment Number | Apartment Types* | Bedrooms/<br>Baths/Kitchen | Net Square Footage** | Net Lanai Area | Common Interest*** |
|------------------|------------------|----------------------------|----------------------|----------------|--------------------|
| 722              | A                | 0/1/0                      | 315                  | 41             | 0.354080%          |
| 723              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 724              | AR               | 0/1/0                      | 314                  | 41             | 0.352956%          |
| 725              | CR               | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 727              | C                | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 729              | DR               | 0/1/0                      | 265                  | None           | 0.297877%          |
| 801              | G                | 0/1/0                      | 298                  | 46             | 0.334971%          |
| 802              | E                | 0/1/0                      | 360                  | 43             | 0.404663%          |
| 803              | K                | 0/1/0                      | 226                  | 14             | 0.254038%          |
| 804              | B                | 0/1/0                      | 309                  | 14             | 0.347335%          |
| 805              | C                | 0/1/0                      | 246                  | 48             | 0.276519%          |
| 806              | F                | 0/1/0                      | 244                  | 40             | 0.274271%          |
| 807              | CR               | 0/1/0                      | 271                  | 48             | 0.304621%          |
| 808              | B                | 0/1/0                      | 285                  | 14             | 0.320358%          |
| 809              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 810              | A                | 0/1/0                      | 323                  | 41             | 0.363072%          |
| 811              | CR               | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 812              | AR               | 0/1/0                      | 322                  | 41             | 0.361948%          |
| 814              | B                | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 815              | C                | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 816              | AR               | 0/1/0                      | 321                  | 42             | 0.360824%          |
| 817              | DR               | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 818              | A                | 0/1/0                      | 312                  | 42             | 0.350708%          |
| 819              | C                | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 820              | BR               | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 821              | CR               | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 822              | A                | 0/1/0                      | 315                  | 41             | 0.354080%          |
| 823              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 824              | AR               | 0/1/0                      | 314                  | 41             | 0.352956%          |
| 825              | CR               | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 827              | C                | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 829              | DR               | 0/1/0                      | 265                  | None           | 0.297877%          |
| 901              | G                | 0/1/0                      | 298                  | 46             | 0.334971%          |
| 902              | E                | 0/1/0                      | 360                  | 43             | 0.404663%          |
| 903              | K                | 0/1/0                      | 226                  | 14             | 0.254038%          |
| 904              | B                | 0/1/0                      | 309                  | 14             | 0.347335%          |
| 905              | C                | 0/1/0                      | 246                  | 48             | 0.276519%          |
| 906              | F                | 0/1/0                      | 244                  | 40             | 0.274271%          |
| 907              | CR               | 0/1/0                      | 271                  | 48             | 0.304621%          |
| 908              | B                | 0/1/0                      | 285                  | 14             | 0.320358%          |
| 909              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 910              | A                | 0/1/0                      | 323                  | 41             | 0.363072%          |
| 911              | CR               | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 912              | AR               | 0/1/0                      | 322                  | 41             | 0.361948%          |
| 914              | B                | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 915              | C                | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 916              | AR               | 0/1/0                      | 321                  | 42             | 0.360824%          |
| 917              | DR               | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 918              | A                | 0/1/0                      | 312                  | 42             | 0.350708%          |
| 919              | C                | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 920              | BR               | 0/1/0                      | 291                  | 14             | 0.327102%          |

**EXHIBIT "B"**  
(Page 4 of 6)

| Apartment Number | Apartment Types* | Bedrooms/<br>Baths/Kitchen | Net Square Footage** | Net Lanai Area | Common Interest*** |
|------------------|------------------|----------------------------|----------------------|----------------|--------------------|
| 921              | CR               | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 922              | A                | 0/1/0                      | 315                  | 41             | 0.354080%          |
| 923              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 924              | AR               | 0/1/0                      | 314                  | 41             | 0.352956%          |
| 925              | CR               | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 927              | C                | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 929              | DR               | 0/1/0                      | 265                  | None           | 0.297877%          |
| 1001             | G                | 0/1/0                      | 298                  | 46             | 0.334971%          |
| 1002             | E                | 0/1/0                      | 360                  | 43             | 0.404663%          |
| 1003             | K                | 0/1/0                      | 226                  | 14             | 0.254038%          |
| 1004             | B                | 0/1/0                      | 309                  | 14             | 0.347335%          |
| 1005             | C                | 0/1/0                      | 246                  | 48             | 0.276519%          |
| 1006             | F                | 0/1/0                      | 244                  | 40             | 0.274271%          |
| 1007             | CR               | 0/1/0                      | 271                  | 48             | 0.304621%          |
| 1008             | B                | 0/1/0                      | 285                  | 14             | 0.320358%          |
| 1009             | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 1010             | A                | 0/1/0                      | 323                  | 41             | 0.363072%          |
| 1011             | CR               | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 1012             | AR               | 0/1/0                      | 322                  | 41             | 0.361948%          |
| 1014             | B                | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 1015             | C                | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 1016             | AR               | 0/1/0                      | 321                  | 42             | 0.360824%          |
| 1017             | DR               | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 1018             | A                | 0/1/0                      | 312                  | 42             | 0.350708%          |
| 1019             | C                | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 1020             | BR               | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 1021             | CR               | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 1022             | A                | 0/1/0                      | 315                  | 41             | 0.354080%          |
| 1023             | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 1024             | AR               | 0/1/0                      | 314                  | 41             | 0.352956%          |
| 1025             | CR               | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 1027             | C                | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 1029             | DR               | 0/1/0                      | 265                  | None           | 0.297877%          |
| 1101             | G                | 0/1/0                      | 298                  | 46             | 0.334971%          |
| 1102             | E                | 0/1/0                      | 360                  | 43             | 0.404663%          |
| 1103             | K                | 0/1/0                      | 226                  | 14             | 0.254038%          |
| 1104             | B                | 0/1/0                      | 309                  | 14             | 0.347335%          |
| 1105             | C                | 0/1/0                      | 246                  | 48             | 0.276519%          |
| 1106             | F                | 0/1/0                      | 244                  | 40             | 0.274271%          |
| 1107             | CR               | 0/1/0                      | 271                  | 48             | 0.304621%          |
| 1108             | B                | 0/1/0                      | 285                  | 14             | 0.320358%          |
| 1109             | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 1110             | A                | 0/1/0                      | 323                  | 41             | 0.363072%          |
| 1111             | CR               | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 1112             | AR               | 0/1/0                      | 322                  | 41             | 0.361948%          |
| 1114             | B                | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 1115             | C                | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 1116             | AR               | 0/1/0                      | 321                  | 42             | 0.360824%          |
| 1117             | DR               | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 1118             | A                | 0/1/0                      | 312                  | 42             | 0.350708%          |
| 1119             | C                | 0/1/0                      | 271                  | 47             | 0.304621%          |

**EXHIBIT "B"**  
**(Page 5 of 6)**

| Apartment Number | Apartment Types* | Bedrooms/<br>Baths/Kitchen | Net Square Footage** | Net Lanai Area | Common Interest*** |
|------------------|------------------|----------------------------|----------------------|----------------|--------------------|
| 1120             | BR               | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 1121             | CR               | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 1122             | A                | 0/1/0                      | 315                  | 41             | 0.354080%          |
| 1123             | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 1124             | AR               | 0/1/0                      | 314                  | 41             | 0.352956%          |
| 1125             | CR               | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 1127             | C                | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 1129             | DR               | 0/1/0                      | 265                  | None           | 0.297877%          |
| 1201             | J                | 1/1/1                      | 751                  | 101            | 0.844171%          |
| 1202             | L                | 0/1/0                      | 329                  | 39             | 0.369817%          |
| 1203             | M                | 0/1/0                      | 326                  | 40             | 0.366444%          |
| 1204             | N                | 0/1/0                      | 466                  | 61             | 0.523813%          |
| 1205             | O                | 1/1/1                      | 648                  | 78             | 0.728393%          |
| 1207             | P                | 1/1/1                      | 684                  | 98             | 0.768859%          |
| 1208             | Q                | 1/1/1                      | 559                  | None           | 0.628351%          |
| 1209             | R                | 1/1/1                      | 527                  | None           | 0.592381%          |
| 1210             | S                | 1/1/1                      | 538                  | None           | 0.604746%          |
|                  |                  |                            |                      |                |                    |
| Total            |                  |                            | 88963                |                | 100.000000%        |

\* The Apartment Type designations reflect groupings of Apartments having the same general floor plan. It should be noted that because construction is not a precise science, it is not always possible to construct each Apartment of a particular Apartment Type such that they have precisely the same net square footage. Accordingly, Apartments of a particular Apartment Type designation may vary slightly as to the net square footage which is reflected above.

\*\* The approximate net square footage of each apartment as set forth above is measured from the exterior surface of the apartment perimeter and party walls and includes all of the non-load bearing interior walls, columns, chase spaces and partitions within its perimeter walls. The areas shown are approximate only, and the Developer makes no representations or warranties whatsoever as to the area of any particular apartment.

\*\*\* The Common Interest for each Apartment was assigned by the Developer by dividing the total Common Interest of one hundred percent (100%) by the total number of Apartments in the Project. The Common Interest appurtenant to Apartment M101 was decreased by .000002% to permit the total Common Interest of all Apartments to equal exactly 100.00%.



Certified to be a true and correct copy of the original filed  
on JAN 17 2007 in the office of the  
Assistant Registrar of the Land Court as

DOC # 3541705 /TCT# 589,819

By: FB  
FIDELITY NATIONAL TITLE INSURANCE COMPANY

LAND COURT SYSTEM

REGULAR SYSTEM

AFTER RECORDATION: RETURN BY MAIL ( ) PICK UP (X)

Imanaka Kudo & Fujimoto  
745 Fort Street, 17<sup>th</sup> Floor  
Honolulu, Hawaii 96813  
808-521-9500 (RTA)

Total Pages: (18)

Tax Map Key No. (1) 2-6-012: 003

**AMENDMENT TO DECLARATION OF CONDOMINIUM PROPERTY REGIME  
PALMS AT WAIKIKI**

WHEREAS, by way of that certain Declaration of Condominium Property Regime of Palms at Waikiki dated May 11, 2004, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 3182364, and duly noted on Land Court Certificate of Title No. 589,819 and the Land Court Certificate of Title Nos. listed on Exhibit "A" attached hereto and incorporated herein by this reference ("Declaration"), LAEROC WAIKIKI PARKSIDE, LLC, a Hawaii limited liability company ("Developer"), established the "PALMS AT WAIKIKI" condominium project ("Project"), pursuant to Chapter 514A, Hawaii Revised Statutes, as amended; and

WHEREAS, there is an electrical room situated within Apartment 101 of the Project as shown on the plans of the Project filed in said Office as Condominium Map No. 1674 ("Condominium Map"); and

WHEREAS, Developer, pursuant to its reserved right set forth in Article XXV of the Declaration, desires to designate such electrical room area as a Common Element of the Project to be hereafter used for the benefit of the Association;

NOW, THEREFORE, pursuant to Article XXV of the Declaration, Developer does hereby exercise its reserved right to amend the Declaration to effect the conversion of the area labeled as the "Electrical Room" within Apartment 101 as a Common Element of the Project as depicted on Sheet A2.01 of the Map filed concurrently herewith, and to replace Exhibit "B" of the Declaration in its entirety with the form of Exhibit "B" attached hereto and incorporated herein by this reference, to reflect the change in square footage of Apartment 101 from 7619 square feet to 7048 square feet, effective as of the date of recordation of this Amendment in said Office.

AND the Declaration and Map, as amended herein, are hereby confirmed and ratified.

AND in all other respects, the Declaration and Map shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the undersigned have executed this Amendment this 18  
day of January 2007.

LAEROC WAIKIKI PARKSIDE, LLC  
a Hawaii limited liability company

By LAEROC PARTNERS, INC.,  
a California corporation  
Its Manager

By [Signature]  
Peter Morgan  
Its Executive Vice President

"Developer"

STATE OF CALIFORNIA

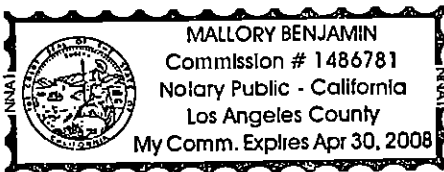
COUNTY OF LOS ANGELES

SS:

On this 8th day of January, 2007, before me appeared PETER MORGAN, to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable, in the capacities shown, having been duly authorized to execute such instrument in such capacities.

Mallory Benjamin  
Name: \_\_\_\_\_  
Notary Public, in and for said State

My commission expires: \_\_\_\_\_



# EXHIBIT "A"

## TCT Listing

| Apt No: | TCT:   | Owners:                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 101     | 589819 | Laeroc Waikiki Parkside, LLC                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 102     | 589819 | Laeroc Waikiki Parkside, LLC                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 103     | 589819 | Laeroc Waikiki Parkside, LLC                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 104     | 589819 | Laeroc Waikiki Parkside, LLC                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 105     | 589819 | Laeroc Waikiki Parkside, LLC                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| M101    | 796023 | Paulin Group, LLC                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 202     | 796749 | Florida Marie Sherrell, single and Basilisa Llantada Alcantra, single, as J/T                                                                                                                                                                                                                                                                                                                                                                                 |
| 205     | 589819 | Laeroc Waikiki Parkside, LLC                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 206     | 589819 | Laeroc Waikiki Parkside, LLC                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 207     | 742874 | John Jodan Kraemer, unmarried                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 209     | 783617 | Lawrence Lee Sullivan, husband of Vai Lan Sullivan                                                                                                                                                                                                                                                                                                                                                                                                            |
| 210     | 783887 | Miguel Boyadjian, husband of Galina Ribac Boyadjian and Galina Ribac Boyadjian, wife of Miguel Boyadjian, as J/T                                                                                                                                                                                                                                                                                                                                              |
| 211     | 733191 | Charles Welsh Berger, unmarried                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 212     | 823028 | Gordon Charles Barnard, unmarried                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 214     | 781876 | Ramon Veza Fadrihan and Faye Bayan Fadrihan, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                         |
| 215     | 790426 | Michael Wayne McMillen and Maria Liliana McMillen, husband and wife, T/E                                                                                                                                                                                                                                                                                                                                                                                      |
| 216     | 783275 | GS&S Investments, LLC, a California limited liability company                                                                                                                                                                                                                                                                                                                                                                                                 |
| 217     | 775040 | Jurgen Krischke, unmarried                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 218     | 770186 | Robert James Martin, husband of Masayo Nakagawa, as T/S                                                                                                                                                                                                                                                                                                                                                                                                       |
| 219     | 783276 | Walter Caesar Spakowski and Maria Angeles Rebuillida Spakowski, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                      |
| 220     | 738264 | Sunny Heaseon Pak, wife of Steve Chinho Pak, as to an undivided 99% interest and Jae Sun Lee, wife of Joel Teruya, as to an undivided 1% interest, as T/C                                                                                                                                                                                                                                                                                                     |
| 221     | 764249 | Deborah N. Nantais, Trustee of the Nantais Family Trust under trust agreement dated June 23, 2004, with full powers to sell...                                                                                                                                                                                                                                                                                                                                |
| 222     | 786997 | Lonestar Investments LLC, a Hawaii limited liability company                                                                                                                                                                                                                                                                                                                                                                                                  |
| 223     | 775036 | Robert Edward Hoevel, husband of Tracy Hoevel, as T/S                                                                                                                                                                                                                                                                                                                                                                                                         |
| 224     | 779530 | Darlene Evalani Canto, unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 225     | 783623 | Robert J. Fitzgerald and Dena Odette-Fitzgerald, Co-Trustees of the Robert J. Fitzgerald Revocable Living Trust under Trust Agreement dated March 22, 2002, with full powers to sell..., as to an undivided 50% interest and Dena Odette-Fitzgerald and Robert J. Fitzgerald, Co-Trustees of the Dena Odette-Fitzgerald Revocable Living Trust under Trust Agreement dated March 22, 2002, with full powers to sell...as to an undivided 50% interest, as T/C |
| 227     | 756079 | Bienvenido Domingo Aguirre and Encarnacion Santos Aguirre, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                           |
| 301     | 790811 | Ami Amram Boaz, husband of Carla Elaine Boaz and Carla Elaine Boaz, wife of Ami Amram Boaz, as J/T                                                                                                                                                                                                                                                                                                                                                            |
| 302     | 780189 | James Matthew Johnson and Janet Marie Johnson, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                       |
| 303     | 807488 | Jonathan David Shepard, single, as T/S                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 304     | 773053 | Helen Mitsuko Smith, unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 305     | 825935 | T. Robert Purcell (whose full and legal name is T. Robert Purcell), husband of Heather Purcell, as T/S                                                                                                                                                                                                                                                                                                                                                        |
| 306     | 782012 | John Paul Achacoso and Noreen Lu Achacoso, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                           |
| 307     | 819840 | Dorian Mareo Oniwa, husband of Sharon Elaine Oniwa, as T/S                                                                                                                                                                                                                                                                                                                                                                                                    |
| 308     | 787680 | George Jacob Becker, Sr., unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                                                                                   |

|     |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 309 | 770858 | Jill Marie Olsem, unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 310 | 771205 | Yousef Alhooie and Sadaf Tabrizi Alhooie, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 311 | 773957 | Cary Tak Wai Yim and Vivian Yuk-Fan Lai, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 312 | 779715 | Frederick M. Lunt, Trustee of the Frederick M. Lunt Defined Benefit Pension Plan (003) Trust Agreement dated December 30, 2000, with full powers to Sell...                                                                                                                                                                                                                                                                                                                                                                    |
| 314 | 781999 | Selwyn Maurice Vickers, husband of Janice Faye Vickers, as to an undivided 50% interest and Janice Faye Vickers, wife of Selwyn Maurice Vickers, as to an undivided 50% interest, as T/C                                                                                                                                                                                                                                                                                                                                       |
| 315 | 818648 | Calixte Camille, unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 316 | 776653 | Ulrik Prestegard and Norma Jean Prestegard, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 317 | 823815 | Emerlito Felipe Gonatic and Lily Ann Rabanal Gonatic, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 318 | 767427 | David Mayeda, Trustee of the David Mayeda Revocable Living Trust dated October 28, 1998, with full powers to sell...                                                                                                                                                                                                                                                                                                                                                                                                           |
| 319 | 835528 | James Dennis Paffrath and Christine Kay Paffrath, Trustees of the James Dennis Paffrath & Christine Kay Paffrath Living Trust dated October 25, 2006, with full powers to sell..., as to an undivided 1/2 interest and William F. Holloway, Trustee of the William F. Holloway Trust under trust instrument dated May 29, 1994, with full powers to sell..., as to an undivided 1/4 <sup>th</sup> interest and Pamela Jane Holloway, wife of William Frederick Holloway, as T/S, as to an undivided 1/4 <sup>th</sup> interest |
| 320 | 779330 | Ingolf Clifford Olof Johnsson, unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 321 | 760189 | Cary Tak Wai Yim and Vivian Yuk-Fan Lai, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 322 | 777349 | Metodija Stojkoski, husband of Marija Stojkoski and Marija Stojkoski, wife of Metodija Stojkoski, as J/T                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 323 | 772837 | Frigid Palms, LLC, a Minnesota limited liability company                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 324 | 775739 | Jerry Allen Olinski and June Urada Olinski, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 325 | 784479 | Tyler Anthony Imbo, unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 327 | 775950 | Julie Lynn Lam, Trustee of the Julie Lynn Lam Revocable Living Trust, Pursuant to Trust Agreement made by Julie Lynn Lam as Settlor and as Trustee on September 23, 1981, as amended, with full powers to sell...as to an undivided 40% interest and Jesse Tzu T'an Lam, single, as T/S as to an undivided 60% interest, as T/C                                                                                                                                                                                                |
| 329 | 589819 | Laeroc Waikiki Parkside, LLC, a Hawaii limited liability company                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 401 | 824598 | Loc Tai Phan and Nhumai Thi Luong, as Co-Trustees of the Phan and Luong Family Trust dated March 17, 2005, with full powers to sell...                                                                                                                                                                                                                                                                                                                                                                                         |
| 402 | 773548 | Henry Rivera Aspiras and Gloria Pita Aspiras, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 403 | 771227 | Nelda Mae Peterson, unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 404 | 773544 | Chris Allan Robinson and Caridad La Rosa Robinson, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 405 | 771207 | James Frederick Calhoun and Lisa Bernadette Calhoun, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 406 | 807538 | Christopher Allen Thompson and Kimberly Knapp Thompson, husband and wife, as J/T                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 407 | 783311 | Alexander John Fiore, single and Terri Lee Fiore, wife of Rick Vincent Fiore, as J/T                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 408 | 773167 | Shoma Hotta, Trustee under the Declaration of Revocable Trust of Shoma Hotta dated August 11, 1988, with full powers to sell...as to an undivided 55% interest and Shoma Hotta, Trustee under the Declaration of Revocable Trust of Elsie Hotta dated August 11, 1988, with full powers to sell...as to an undivided 45% interest, as T/C                                                                                                                                                                                      |
| 409 | 772608 | Marjorie Diana Vanek, unmarried, as T/S, as to an undivided 50% interest and John Joseph Pacella, unmarried, as T/S, as to an undivided 50% interest, as T/C                                                                                                                                                                                                                                                                                                                                                                   |
| 410 | 771206 | Melina Marie Juan, unmarried and Ernesto Tumamao Juan, husband of Leilani Jeanne Juan, as J/T                                                                                                                                                                                                                                                                                                                                                                                                                                  |

|     |         |                                                                                                                                                                                                                                                                          |
|-----|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 411 | 778815  | Sandra L. London, as Trustee of the Sandra L. London Living Trust under Revocable Living Trust Agreement dated November 8, 2004, with full powers to sell...                                                                                                             |
| 412 | 771074  | James An Wong and Ruei-Chiao Lin, husband and wife, as T/E                                                                                                                                                                                                               |
| 414 | 777313  | Yoshie Bell, unmarried and Alexander Allan Bell, unmarried, as J/T                                                                                                                                                                                                       |
| 415 | 771067  | Cary Tak Wai Yim and Vivian Yuk-Fan Lai, husband and wife, as T/E                                                                                                                                                                                                        |
| 416 | 771,228 | Kurtis Milo Opp and Julie Rou-Yin Opp, husband and wife, as T/E                                                                                                                                                                                                          |
| 417 | 780025  | Bun Sik Choi, Trustee of The Bun Sik Choi Trust dated November 8, 2005, as amended or restated, with full powers to sell...                                                                                                                                              |
| 418 | 770990  | Celia Advincula Conlu, wife of Domingo Ureta Conlu and Domingo Ureta Conlu, husband of Celia Advincula Conlu, as J/T                                                                                                                                                     |
| 419 | 755097  | Steven Gerard Rupp and Janet Gay Volz, husband and wife, as T/E                                                                                                                                                                                                          |
| 420 | 772078  | Jimmy Ying Shun Cheng, husband of Irene Inh Cheng, as T/S                                                                                                                                                                                                                |
| 421 | 770989  | Anthony Richard Schmisser and Tessie Ishikawa Schmisser, husband and wife, as T/E                                                                                                                                                                                        |
| 422 | 775038  | Jimmy Morin, unmarried, as T/S                                                                                                                                                                                                                                           |
| 423 | 775279  | Diann Summi Rogers, unmarried, as T/S                                                                                                                                                                                                                                    |
| 424 | 801390  | Victoria Marie Read, unmarried, as T/S                                                                                                                                                                                                                                   |
| 425 | 830565  | Judith P. Powers, as Trustee of that certain unrecorded Judith P. Powers Revocable Trust dated April 4, 2000, with full powers to sell...                                                                                                                                |
| 427 | 771073  | Aurelio Lahip Sanchez, husband of Olivia Felipe Sanchez and Olivia Felipe Sanchez, wife of Aurelio Lahip Sanchez, as J/T                                                                                                                                                 |
| 429 | 589819  | Laeroc Waikiki Parkside, LLC                                                                                                                                                                                                                                             |
| 501 | 769321  | Ronald Albert Peltier and Eudoxia Spencer-Peltier, husband and wife, as T/E                                                                                                                                                                                              |
| 502 | 796952  | Marcelo Mangalindan Dalisay, Jr., unmarried, as T/S, as to an undivided 50% interest, Gigi Yulo, unmarried, as T/S, as to an undivided 49% interest and Nathaniel Hartpence Orolfo and Corazon La Rosa, husband and wife, as T/E, as to an undivided 1% interest, as T/C |
| 503 | 786533  | Robert Quan and Benita Quan, husband and wife, as T/E                                                                                                                                                                                                                    |
| 504 | 774595  | Charles Wonjung Park and Gloria Park, husband and wife, as T/E                                                                                                                                                                                                           |
| 505 | 771068  | Sean Patrick McCarthy, unmarried, as T/S                                                                                                                                                                                                                                 |
| 506 | 589819  | Laeroc Waikiki Parkside, LLC                                                                                                                                                                                                                                             |
| 507 | 769123  | James John Crawford, unmarried, as T/S                                                                                                                                                                                                                                   |
| 509 | 770860  | Paul Christopher Moffett, unmarried, as T/S                                                                                                                                                                                                                              |
| 510 | 770568  | Flora Kawasjee, Trustee of The Flora Kawasjee Trust dated July 23, 2003, with full powers to sell..., as to an undivided 10% interest and Paulene Mina Kawasjee, unmarried, as to an undivided 90% interest, as T/C                                                      |
| 511 | 770354  | Tam Tran and Tracy Tran, as Trustees of The Tam and Tracy Tran Trust UAD January 28, 2002, with full powers to sell...                                                                                                                                                   |
| 512 | 768740  | Delbert Nano Hermosura and Estrellita Espinosa Hermosura, husband and wife, as T/E                                                                                                                                                                                       |
| 514 | 764717  | Thomas George Smithwick, Jr. and Anna Jen Smithwick, husband and wife, as T/E                                                                                                                                                                                            |
| 515 | 743703  | Frederick J. Patricio and Tran A. Patricio, Trustees of The Frederick and Tran Patricio Revocable Living Trust under Revocable Living Trust Agreement dated October 6, 2004, with full powers to sell...                                                                 |
| 516 | 772164  | Robert Leonard Belmes, unmarried, as T/S                                                                                                                                                                                                                                 |
| 517 | 768851  | Rina Luz Silva, wife of Aldo Silva, as T/S                                                                                                                                                                                                                               |
| 518 | 774010  | Choja Yun, unmarried, as T/S                                                                                                                                                                                                                                             |
| 519 | 736317  | Gia Stella Blancaflor Ramos, wife of Ronald Santos Ramos, as T/S                                                                                                                                                                                                         |
| 520 | 770353  | Tam Tran and Tracy Tran, as Trustees of the Tam and Tracy Tran Trust UAD January 28, 2002, with full powers to sell...                                                                                                                                                   |

|     |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 521 | 770355 | Tam Tran and Tracy Tran, as Trustees of the Tam and Tracy Tran Trust UAD January 28, 2002, with full powers to sell...                                                                                                                                                                                                                                                                                                                                    |
| 522 | 770574 | Carol Jean Elias and Monte Fred Elias, wife and husband, as T/E                                                                                                                                                                                                                                                                                                                                                                                           |
| 523 | 775035 | Neil David Keefe and Yoshie Wada Keefe, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                          |
| 524 | 768849 | Erie Nelson Pagan and Debra Lee Pagan, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                           |
| 525 | 770356 | Tam Tran and Tracy Tran, as Trustees of the Tam and Tracy Tran Trust UAD January 28, 2002, with full powers to sell...                                                                                                                                                                                                                                                                                                                                    |
| 527 | 771477 | Stan Takumi Uemoto and Violet Andrina Uemoto, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                    |
| 529 | 589819 | Laeroc Waikiki Parkside, LLC                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 601 | 771443 | Adel Boushra Etinas and Mervat Fam Etinas, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                       |
| 602 | 755098 | Steven Gerard Rupp and Janet Gay Volz, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                           |
| 603 | 768735 | Louisa Jim, unmarried, as to an undivided 50% and Joseph Scott Holtz, unmarried, as to an undivided 50% interest, as T/C                                                                                                                                                                                                                                                                                                                                  |
| 604 | 768738 | Michelle Wai Kau Wong, unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 605 | 768260 | Richard Allen Sanchagrin, husband of Sonja Sanchagrin, as to an undivided 50% interest and Sonja Sanchagrin, wife of Richard Allen Sanchagrin, as to an undivided 50% interest, as T/C                                                                                                                                                                                                                                                                    |
| 606 | 589819 | Laeroc Waikiki Parkside, LLC                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 607 | 768036 | Joe Revosora Saba, husband of Dorotea Cui Saba and Dorotea Cui Saba, wife of Joe Revosora Saba, as J/T                                                                                                                                                                                                                                                                                                                                                    |
| 609 | 805722 | Frank Leonard Rego, Jr., Trustee of the Frank Leonard Rego, Jr. Living Trust under Trust Agreement dated September 3, 1999, as amended and restated in its entirety on December 21, 2000, with full powers to sell..., as to an undivided 5% interest and Margaret W. Rego and Frank Leonard Rego, Jr., co-Trustees of the Margaret W. Rego Revocable Trust dated February 19, 1981, with full powers to sell..., as to an undivided 95% interest, as T/C |
| 610 | 767660 | Stephen Charles Ferrenod and Yuriko Fukazawa, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                    |
| 611 | 768262 | Frank Tiong Bing Pooi and Sharon Hom Pooi, husband and wife, as T/E, as to an undivided 50% interest and Sanford Daniel Lonie and Susan Ling Hom, husband and wife, as T/E, as to an undivided 50% interest, as T/C                                                                                                                                                                                                                                       |
| 612 | 767830 | Yau Keung Hom, unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 614 | 770357 | Tam Tran and Tracy Tran, as Trustees of the Tam and Tracy Tran Trust UAD January 28, 2002, with full powers to sell...                                                                                                                                                                                                                                                                                                                                    |
| 615 | 771444 | Adel Boushra Etinas and Mervat Fam Etinas, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                       |
| 616 | 768264 | Spencer Trent Seufert, unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 617 | 768070 | Andrew James Katsaounis and Susan Christine Katsaounis, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                          |
| 618 | 766982 | Bradley Jay Bunderle, husband of Jennifer Johnson Bunderle and Jennifer Johnson Bunderle, wife of Bradley Jay Bunderle, as J/T                                                                                                                                                                                                                                                                                                                            |
| 619 | 768261 | William Clay Gibson, as Trustee of the Gibson Family Trust dated April 29, 1991, with full powers to sell...                                                                                                                                                                                                                                                                                                                                              |
| 620 | 772077 | Michael Joseph Strain and Joanne Christy Strain, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                 |
| 621 | 774168 | Dominic Richard Cameli, husband of Barbara Mae Cameli and Barbara Mae Cameli, wife of Dominic Richard Cameli, as J/T                                                                                                                                                                                                                                                                                                                                      |
| 622 | 768263 | Antonio Chan Ong and Lily Yn Ong, Trustees of the Antonio Chan Ong and Lily Yu Ong 1988 Family Trust, dated April 13, 1988, with full powers to sell...                                                                                                                                                                                                                                                                                                   |
| 623 | 770358 | Gary Sidney Baker and Lycyna Bielski Baker, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                      |

|     |        |                                                                                                                                                                                                                                                                                                                             |
|-----|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 624 | 779927 | Thomas J. Hundhammer, Trustee of the Thomas J. Hundhammer Trust dated November 16, 2000, with full powers to sell..., as to an undivided 50% interest and Kathleen L. Hundhammer, Trustee of the Kathleen L. Hundhammer Trust dated November 16, 2000, with full powers to sell..., as to an undivided 50% interest, as T/C |
| 625 | 771478 | Lee Leong and Shawlon X Leong, husband and wife, as T/E                                                                                                                                                                                                                                                                     |
| 627 | 768037 | Sharon A. Olinski, Trustee of The S.A. Olinski Trust dated July 29, 1994, Sharon A. Olinski, Trustor and Trustee, with full powers to sell...                                                                                                                                                                               |
| 629 | 772076 | Robert David Menor and Constanica Lebag Menor, husband and wife, as T/E                                                                                                                                                                                                                                                     |
| 701 | 773955 | Douglas Brian Steiner, husband of Constance Margaret Steiner and Constance Margaret Steiner, wife of Douglas Brian Steiner, as J/T                                                                                                                                                                                          |
| 702 | 766981 | Jacqueline K.Y. Ralya, Trustee of The Jacqueline K.Y. Ralya Revocable Trust dated June 3, 2002, with full powers to sell..., as to an undivided 50% interest and Thomas C. Ralya, Trustee of The Thomas C. Ralya Revocable Trust dated June 3, 2002, with full powers to sell..., as to an undivided 50% interest, as T/C   |
| 703 | 768853 | Takashi Wakui and Miki Wakui, husband and wife, as T/E                                                                                                                                                                                                                                                                      |
| 704 | 766281 | Richard Allen Payne, husband of Melissa Sue Payne and Melissa Sue Payne, wife of Richard Allen Payne, as J/T                                                                                                                                                                                                                |
| 705 | 767827 | Johnston Kam Yuen Ma and Clarissa Xiao Bin Ma, husband and wife, as T/E                                                                                                                                                                                                                                                     |
| 706 | 768359 | Reginald Chock Pui Choy and Susan Chan Choy, husband and wife, as T/E                                                                                                                                                                                                                                                       |
| 707 | 735536 | Andrew Sai Sing Lee and Ok Hee Lee, husband and wife, as T/E                                                                                                                                                                                                                                                                |
| 708 | 766601 | Julie Setsuko Nagai, unmarried, as T/S                                                                                                                                                                                                                                                                                      |
| 709 | 807252 | David Justin Blythe, unmarried, as T/S                                                                                                                                                                                                                                                                                      |
| 710 | 767161 | Corinne Annette Gee, unmarried and Jenny Cheng Gee, widow, as J/T                                                                                                                                                                                                                                                           |
| 711 | 765528 | Antonio Cruz Herrera and Angelina Trinchera Herrera, husband and wife, as T/E                                                                                                                                                                                                                                               |
| 712 | 769122 | Armen Mardirossian and Janilla Azarian, Trustees of the Mardirossian Family Trust dated August 22, 2005, with full powers to sell...                                                                                                                                                                                        |
| 714 | 766602 | Kelvin Darry Ro, unmarried, as T/S                                                                                                                                                                                                                                                                                          |
| 715 | 767160 | Danic Jack Voinov, husband of Christine Anne Voinov and Christine Anne Voinov, wife of Danic Jack Voinov, as J/T                                                                                                                                                                                                            |
| 716 | 826321 | Henry Wilson Toromorenco, Jr. and Rose Mary Mendonca, husband and wife, as T/E, as to an undivided 50% interest and Jacqueline Wall Denison, as T/S, as to an undivided 50% interest, as T/C                                                                                                                                |
| 717 | 815664 | Dominik Neumann and Andrea Kate Neumann, Trustees, or their successors in trust under the Neumann Family Trust, dated March 22, 2005, and any amendments thereto, with full powers to sell...                                                                                                                               |
| 718 | 767828 | Celso Luiz Pereira and Christine Carpentier, husband and wife, as T/E                                                                                                                                                                                                                                                       |
| 719 | 760187 | Cary Tak Wai Yim and Vivian Yuk-Fan Lai, husband and wife, as T/E                                                                                                                                                                                                                                                           |
| 720 | 767826 | Masako Sakase, wife of Takao Sakase, as T/S                                                                                                                                                                                                                                                                                 |
| 721 | 767162 | George Andrew Haydu, Jr., unmarried and Raquel Nuestro Appel, widow, as J/T                                                                                                                                                                                                                                                 |
| 722 | 766980 | Priscilla Chang, unmarried, as T/S                                                                                                                                                                                                                                                                                          |
| 723 | 767424 | Sabina Dorn, Trustee of the Sabina Dorn Living Trust dated June 17, 2005, with full powers to sell...                                                                                                                                                                                                                       |
| 724 | 767426 | Frank W.K. Sylva and Sharen Sylva, Trustees of the Frank W. K. Sylva and Sharen Sylva Revocable Living Trust dated April 12, 2005, with full powers to sell...                                                                                                                                                              |
| 725 | 774347 | Anthony Chi Yn, unmarried, as T/S                                                                                                                                                                                                                                                                                           |
| 727 | 767825 | Takao Sakase, husband of Masako Sakase and Masako Sakase, wife of Takao Sakase, as J/T                                                                                                                                                                                                                                      |

|     |        |                                                                                                                                                                                                                                          |
|-----|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 729 | 775740 | Hyejin Lee, wife of Dongwoo Lee, as T/S                                                                                                                                                                                                  |
| 801 | 769759 | Russell Tim Mun Luke, husband of Rita Sau Young Luke, as T/S                                                                                                                                                                             |
| 802 | 778992 | John L. Shigley, Trustee of the J.L. Shigley 2001 Trust dated November 17, 2001, with full powers to sell...                                                                                                                             |
| 803 | 808137 | Rick Vincent Fiore, husband of Terri Lee Fiore and Terri Lee Fiore, wife of Rick Vincent Fiore, as J/T                                                                                                                                   |
| 804 | 770570 | Monte Fred Elias and Carol Jean Elias, husband and wife, as T/E                                                                                                                                                                          |
| 805 | 798347 | Mary Laure Carpenter, wife of David Anthony Swadling, as T/S                                                                                                                                                                             |
| 806 | 835659 | Simon Michael Wilford and Lisa Ann Wilford, husband and wife, as T/E                                                                                                                                                                     |
| 807 | 780190 | Michael Angelo Carlucci, unmarried, as T/S                                                                                                                                                                                               |
| 808 | 765916 | Tang Ventures, Ltd., a Hawaii corporation                                                                                                                                                                                                |
| 809 | 808618 | Daran Wayne Haddox and Maria Jayne Haddox, husband and wife, as T/E                                                                                                                                                                      |
| 810 | 765526 | Thomas Michael Butler and Debra Jo Butler, husband and wife, as T/E                                                                                                                                                                      |
| 811 | 766050 | Robert Quan and Benita Quan, husband and wife, as T/E                                                                                                                                                                                    |
| 812 | 748054 | Andrew Edward Jelmer, unmarried, as T/S                                                                                                                                                                                                  |
| 814 | 765530 | Patrick T. Shintaku and Linda D. Shintaku, Trustees of the Shintaku Trust created on January 27, 1997, with full powers to sell...                                                                                                       |
| 815 | 773188 | Jose R. Cuenco and Linda S. Cuenco, Trustees of the Cuenco Living Trust dated December 7, 1990, with full powers to sell...                                                                                                              |
| 816 | 768736 | Maxis Holdings, LLC, a Hawaii limited liability company                                                                                                                                                                                  |
| 817 | 815241 | Joseph Michael Landis and Laurel Jean Landis, husband and wife, as T/E                                                                                                                                                                   |
| 818 | 768737 | Maxis Holdings, LLC, a Hawaii limited liability company                                                                                                                                                                                  |
| 819 | 767829 | Reenerio Hernandez Ramos and Wilma Evangelista Ramos, husband and wife, as T/E                                                                                                                                                           |
| 820 | 819518 | Rina L. Silva, Trustee of the Rina L. Silva Trust dated February 25, 2002, as amended and restated, with full powers to sell...                                                                                                          |
| 821 | 767425 | Jerome Martin Andrade and Gladys Sachiyo Andrade, husband and wife, as T/E                                                                                                                                                               |
| 822 | 768739 | Sunny Ridge Development, LLC, a New Jersey limited liability corporation                                                                                                                                                                 |
| 823 | 768854 | Jason Allen Kraus and Faye Elizabeth Nagy, husband and wife, as T/E                                                                                                                                                                      |
| 824 | 733196 | Andrew Edward Jelmer, unmarried, as T/S                                                                                                                                                                                                  |
| 825 | 767191 | John Alexander Erickson and Libby Ding Kwun Lum-Erickson, husband and wife, as T/E                                                                                                                                                       |
| 827 | 760191 | Cary Tak Wai Yim and Vivian Yuk-Fan Lai, husband and wife, as T/E                                                                                                                                                                        |
| 829 | 781998 | Angelito Bongay Del Mundo and Mylna Tenorio Del Mundo, husband and wife, as T/E, as to an undivided 50% interest and Leonardo Agojo Tenorio and Dolores Cacha Tenorio, husband and wife, as T/E, as to an undivided 50% interest, as T/C |
| 901 | 773958 | Stephen Lee Tsu and Linda Diane Tsu, husband and wife, as T/E                                                                                                                                                                            |
| 902 | 766049 | Christopher Douglas Maxwell and Amy Ann Maxwell, husband and wife, as T/E                                                                                                                                                                |
| 903 | 807100 | Barry Rosenberg, husband of Megan Rosenberg and Megan Rosenberg, wife of Barry Rosenberg, as J/T                                                                                                                                         |
| 904 | 789554 | Zook Development, a California corporation                                                                                                                                                                                               |
| 905 | 766279 | Lois Thom Mui, Trustee of the Revocable Trust Agreement dated June 10, 1995, as amended, with full powers to sell...                                                                                                                     |
| 906 | 828445 | William Lawson Barnes and Amy Panline Barnes, husband and wife, as T/C, as to an undivided 50% interest each                                                                                                                             |
| 907 | 832723 | Michael Wayne McMillen and Maria Liliana McMillen, husband and wife, as T/E                                                                                                                                                              |
| 908 | 768362 | Reginald Chock Pui Choy and Susan Chan Choy, husband and wife, as T/E                                                                                                                                                                    |
| 909 | 765217 | Hartson Winslow Doak and Robin Rene Doak, husband and wife, as T/E                                                                                                                                                                       |



|      |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 910  | 836544 | Warren M. Watanabe, Trustee of the Warren M. Watanabe Trust, an unrecorded Revocable Living Trust dated December 1, 2006, with full powers to sell..., as to an undivided ½ interest and Lyne M. Watanabe, Trustee of the Lyne M. Watanabe Trust, an unrecorded Semi-Revocable Living Trust dated November 28, 1992, with full powers to sell... as to an undivided ½ interest, as T/C                                                                                                                                                                                                                                            |
| 911  | 771964 | Kathryn Reed, unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 912  | 765529 | Virginia Lee Grier, unmarried and Michael Patrick Judge, unmarried, as J/T                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 914  | 742875 | Wrenwick Kwock Koong Lee and Margaret Ann Lee, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 915  | 766603 | Derek Loucks Maurer, unmarried, as T/S, as to an undivided 1/6 <sup>th</sup> interest, Stephen Ernst Maurer, husband of Shyrab Malia Maurer, as T/S, as to an undivided 1/6 <sup>th</sup> interest, Shyrab Malia Maurer, wife of Stephen Ernst Maurer, as T/S, as to an undivided 1/6 <sup>th</sup> interest, Suzanne Loucks Maurer, unmarried, as T/S, as to an undivided 1/6 <sup>th</sup> interest, Nahu Greg Kukea, husband of Catherine Malia Kukea, as T/S, as to an undivided 1/6 <sup>th</sup> interest and Catherine Malia Kukea, wife of Nahu Greg Kukea, as T/S, as to an undivided 1/6 <sup>th</sup> interest, as T/C |
| 916  | 784489 | Willard Francis Quirk, Jr. and Barbara Schwamb Stakk, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 917  | 816018 | Fontana Shea Prescott, unmarried, as T/S, as to an undivided 50% interest, Christopher Allen Thompson, husband of Kimberly Knapp Thompson, as T/S, as to an undivided 25% interest and Kimberly Knapp Thompson, wife of Christopher Allen Thompson, as T/S, as to an undivided 25% interest, as T/C                                                                                                                                                                                                                                                                                                                               |
| 918  | 769121 | Ronald Un Bae Kim and Carol Kwang Ja Kim, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 919  | 739782 | James Eric Husher, unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 920  | 765521 | Philip Dean Dohrman, husband of Julie Ann Dohrman and Julie Ann Dohrman, wife of Philip Dean Dohrman, as J/T                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 921  | 829252 | Howard Richard Rentzer, unmarried and Camille Marguerite Taylor, unmarried, as J/T                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 922  | 745962 | Andrew Edward Jehmert, unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 923  | 767662 | Tam Minh Tran and Tracy Levan Tran, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 924  | 774163 | Angelo George Skiparnias and Loie Dawes Skiparnias, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 925  | 760195 | Cary Tak Wai Yim and Vivian Yuk-Fan Lai, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 927  | 827974 | Thomas Kent Goodloe and Marjorie Jean Goodloe, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 929  | 803628 | Michael Jung Hess, Trustee of the Michael Jung Hess Revocable Living Trust dated June 23, 2003, with full powers to sell... as to an undivided 50% interest and Leslie June Hess, Trustee of the Leslie Jung Hess Revocable Living Trust dated June 23, 2003, with full powers to sell..., as to an undivided 50% interest, as T/C                                                                                                                                                                                                                                                                                                |
| 1001 | 762886 | Donna Lee Tartaglia, wife of Steven Leroy Tartaglia, as T/S                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 1002 | 763405 | Gary Anthony Smith and Deanna Elaine Smith, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 1003 | 806282 | John Rizzo, unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 1004 | 762884 | Richard Kujin Chung and Song Yeon Chung, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 1005 | 739833 | James Eric Husher, unmarried, as to an undivided 98% interest, Gloria Park, wife of Charles Wonjung Park, as to an undivided 1% interest and Heather Heajun Chung, unmarried, as to undivided 1% interest, as T/C                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 1006 | 774468 | Bruce Hsiao, single, as T/S                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 1007 | 762599 | Somi Marie Vamvavij, unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 1008 | 765486 | Lawrence Frank Prein and Katheryn Prein, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 1009 | 762597 | Peter How Chung Lam and Lynda Lai Jun Lam, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 1010 | 762885 | Thomas Wade McMurray, unmarried, as to an undivided 50% interest and Nicholas Paul McMurray, unmarried, as to an undivided 50% interest, as T/C                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

|      |        |                                                                                                                                                                                                                                                                                                              |
|------|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1011 | 763000 | Yau Keung Hom, unmarried, as T/S                                                                                                                                                                                                                                                                             |
| 1012 | 736128 | Sarah Sachiko Shiroma, unmarried, as to an undivided 25% interest and Ross Prizzia, unmarried, as to an undivided 75% interest, as T/C                                                                                                                                                                       |
| 1014 | 762883 | Jeffrey Lee Yee, unmarried, as T/S                                                                                                                                                                                                                                                                           |
| 1015 | 763406 | Vincent Black, husband of Linda DeBeritto and Linda DeBeritto, wife of Vincent Black, as J/T                                                                                                                                                                                                                 |
| 1016 | 763407 | James Joseph Matzuka, husband of Paula Matzuka, as T/S                                                                                                                                                                                                                                                       |
| 1017 | 757781 | Peter John Honan, husband of Janice Marie Carrillo-Honan and Janice Marie Carrillo-Honan, wife of Peter John Honan, as J/T                                                                                                                                                                                   |
| 1018 | 761343 | Peggy Joyce Coggeshall, unmarried, as T/S                                                                                                                                                                                                                                                                    |
| 1019 | 744816 | Grace Chia-Chang Tao Lew, unmarried, as T/S                                                                                                                                                                                                                                                                  |
| 1020 | 767871 | Chris Mark Tronolone and Joertine Christen Tronolone, husband and wife, as T/E                                                                                                                                                                                                                               |
| 1021 | 762882 | Donald Elbert Enrick and Grace Yuk Tan Tam, husband and wife, as T/E                                                                                                                                                                                                                                         |
| 1022 | 730524 | Richard D. Cook and Kimberly A. Cook, Trustees of the Richard and Kimberly Cook Trust dated July 21, 2003, with full powers to sell...                                                                                                                                                                       |
| 1023 | 827784 | Karl Russell Christensen and Tamara Elaine Christensen, husband and wife, as T/E                                                                                                                                                                                                                             |
| 1024 | 750421 | McGrath Properties XV, LLC, a Hawaii limited liability company                                                                                                                                                                                                                                               |
| 1025 | 818732 | Indra Soerja Rory Oetomo and Melanie Ann Oetomo, husband and wife, as T/E                                                                                                                                                                                                                                    |
| 1027 | 763417 | Cary Tak Wai Yim and Vivian Yuk-Fan Lai, husband and wife, as T/E                                                                                                                                                                                                                                            |
| 1029 | 763404 | Ernesto Tunamano Juan and Leilani Jeanne Juan, husband and wife, as T/E                                                                                                                                                                                                                                      |
| 1101 | 817496 | Matthias Siegbert Wilhelm Busch, husband of Tania Narvaes Busch, as T/S                                                                                                                                                                                                                                      |
| 1102 | 773187 | Jan Ebbe Lovgren, unmarried, as T/S                                                                                                                                                                                                                                                                          |
| 1103 | 783881 | Douglas Brian Steiner, husband of Constance Margaret Steiner and Constance Margaret Steiner, wife of Douglas Brian Steiner, as J/T                                                                                                                                                                           |
| 1104 | 807968 | Matthias Siegbert Wilhelm Busch, husband of Tania Narvaes Busch, as T/S                                                                                                                                                                                                                                      |
| 1105 | 779341 | Daniel Gordon Medeiros, husband of Christa Ann Medeiros and Laverne Fitchett, wife of Harold Eugene Fitchett, as J/T                                                                                                                                                                                         |
| 1106 | 837514 | John R. Ferguson, Trustee of the 410 Atkinson #3219 Management Trust U/A/DTD October 10, 2006, with full powers to sell...                                                                                                                                                                                   |
| 1107 | 826322 | D. Chun Investment Group, LLC, a Hawaii limited liability company                                                                                                                                                                                                                                            |
| 1108 | 773189 | Wrenwick Kwock Koong Lee and Margaret Ann Lee, husband and wife, as T/E                                                                                                                                                                                                                                      |
| 1109 | 783889 | Erwin Batangan Ramelb and Alison Sumie Liu, husband and wife, as T/E                                                                                                                                                                                                                                         |
| 1110 | 782001 | James Joseph Matzuka and Paula Matzuka, husband and wife, as T/E                                                                                                                                                                                                                                             |
| 1111 | 793162 | Auria Doroha and Ciriaco Doroha, wife and husband, as T/E, as to an undivided 99% interest and Donnalyn Marie Mosier, wife of James Samuel Trapp, as T/S, as to an undivided 1% interest, as T/C                                                                                                             |
| 1112 | 782350 | Will Kenji Koike, husband of Miyo Toma Koike, as to an undivided 45% interest, Miyo Toma Koike, wife of Will Kenji Koike, as to an undivided 45% interest and Wilson Kenzo Koike, unmarried, as to an undivided 10% interest, as T/C                                                                         |
| 1114 | 780717 | Adil Tehemasp Kelawala and Meng Lin Shum, husband and wife, as T/E                                                                                                                                                                                                                                           |
| 1115 | 733198 | Elpidio Ang Fonge and Virginia Dungo Fonte, Trustees of the Fonte Family Trust of 1991, with full powers to sell...                                                                                                                                                                                          |
| 1116 | 781159 | Calvert Jan Tim Chun, husband of Emily Michiko Chun, as T/S, as to an undivided 25% interest, Glenn Masashi Miyashita, husband of Donna Hung Sim Miyashita, as T/S, as to an undivided 25% interest and Darlene Yau Shinn Chun, wife of Mike Tavepholjalern, as T/S, as to an undivided 50% interest, as T/C |

|      |        |                                                                                                                                                                                                                                                                                                                                                                                         |
|------|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1117 | 793163 | Auria Doroba and Ciriaco Doroha, wife and husband, as T/E, as to an undivided 99% interest and Donnalyn Marie Mosier, wife of James Samuel Trapp, as T/S, as to an undivided 1% interest, as T/C                                                                                                                                                                                        |
| 1118 | 776498 | Elizabeth Kwan, Trustee of The Elizabeth Kwan Family Trust dated March 5, 1998, with full powers to sell...                                                                                                                                                                                                                                                                             |
| 1119 | 782006 | Desa Rae Parrilli, unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                    |
| 1120 | 780447 | Desa Rae Parrilli, unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                    |
| 1121 | 781997 | Bruce Hsiao, unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                          |
| 1122 | 816941 | Oskar Richter, an unmarried man, as T/S                                                                                                                                                                                                                                                                                                                                                 |
| 1123 | 772838 | Kelvin Darry Ro, unmarried, as T/S                                                                                                                                                                                                                                                                                                                                                      |
| 1124 | 780696 | Derek S. Toyama and Susan S. Toyama, Trustees of the Derek S. Toyama Trust under Trust Agreement dated October 10, 2001, with full powers to sell..., as to an undivided 50% interest and Susan S. Toyama and Derek S. Toyama, Trustees of the Susan S. Toyama Trust under Trust Agreement dated October 10, 2001, with full powers to sell..., as to an undivided 50% interest, as T/C |
| 1125 | 731080 | Donald Alfred Aus, husband of Jane Mieko Yamashiro and Jane Mieko Yamashiro, wife of Donald Alfred Aus, as J/T                                                                                                                                                                                                                                                                          |
| 1127 | 786059 | Grant Git Wai Chun and Christina Wei Fong Chun, husband and wife, as T/E                                                                                                                                                                                                                                                                                                                |
| 1129 | 822275 | Wilson Nim Sing Ching and Betty Noriko Tamano Ching, Co-Trustees of the Wilson Nim Sing Ching Family Revocable Living Trust Agreement dated August 17, 1994, with full powers to sell...                                                                                                                                                                                                |
| 1201 | 832722 | John L. Shigley, Trustee of the J.L. Shigley 2001 Trust under Revocable Living Trust Agreement dated November 27, 2001, with full powers to sell...                                                                                                                                                                                                                                     |
| 1202 | 589819 | Laeroc Waikiki Parkside, LLC                                                                                                                                                                                                                                                                                                                                                            |
| 1203 | 589819 | Laeroc Waikiki Parkside, LLC                                                                                                                                                                                                                                                                                                                                                            |
| 1204 | 835799 | Lawrence Masayoshi Kitamura and Sharon Takeuchi Kitamura, husband and wife, as T/E                                                                                                                                                                                                                                                                                                      |
| 1205 | 589819 | Laeroc Waikiki Parkside, LLC                                                                                                                                                                                                                                                                                                                                                            |
| 1207 | 589819 | Laeroc Waikiki Parkside, LLC                                                                                                                                                                                                                                                                                                                                                            |
| 1208 | 589819 | Laeroc Waikiki Parkside, LLC                                                                                                                                                                                                                                                                                                                                                            |
| 1209 | 589819 | Laeroc Waikiki Parkside, LLC                                                                                                                                                                                                                                                                                                                                                            |
| 1210 | 589819 | Laeroc Waikiki Parkside, LLC                                                                                                                                                                                                                                                                                                                                                            |

**EXHIBIT "B"****Apartment Descriptions**

| Apartment Number | Apartment Types* | Bedrooms/<br>Baths/Kitchen | Net Square<br>Footage** | Net Lanai<br>Area | Common<br>Interest*** |
|------------------|------------------|----------------------------|-------------------------|-------------------|-----------------------|
| 101              | Commercial       | Not Applicable             | 7048                    | None              | 8.564235%             |
| 102              | Commercial       | Not Applicable             | 390                     | None              | 0.438384%             |
| 103              | Commercial       | Not Applicable             | 136                     | None              | 0.152873%             |
| 104              | Commercial       | Not Applicable             | 94                      | None              | 0.105662%             |
| 105              | Commercial       | Not Applicable             | 136                     | None              | 0.152873%             |
| M101             | Commercial       | Not Applicable             | 2237                    | None              | 2.514527%             |
| 202              | E                | 0/1/0                      | 360                     | 61                | 0.404663%             |
| 205              | I                | 1/1/1                      | 793                     | 108               | 0.891382%             |
| 206              | H                | 0/1/0                      | 550                     | 134               | 0.618235%             |
| 207              | CR               | 0/1/0                      | 271                     | 48                | 0.304621%             |
| 209              | D                | 0/1/0                      | 251                     | 14                | 0.282140%             |
| 210              | A                | 0/1/0                      | 323                     | 41                | 0.363072%             |
| 211              | CR               | 0/1/0                      | 272                     | 47                | 0.305745%             |
| 212              | AR               | 0/1/0                      | 322                     | 41                | 0.361948%             |
| 214              | B                | 0/1/0                      | 291                     | 14                | 0.327102%             |
| 215              | C                | 0/1/0                      | 272                     | 47                | 0.305745%             |
| 216              | AR               | 0/1/0                      | 321                     | 42                | 0.360824%             |
| 217              | DR               | 0/1/0                      | 251                     | 14                | 0.282140%             |
| 218              | A                | 0/1/0                      | 312                     | 42                | 0.350708%             |
| 219              | C                | 0/1/0                      | 271                     | 47                | 0.304621%             |
| 220              | B                | 0/1/0                      | 291                     | 14                | 0.327102%             |
| 221              | CR               | 0/1/0                      | 271                     | 47                | 0.304621%             |
| 222              | A                | 0/1/0                      | 315                     | 41                | 0.354080%             |
| 223              | D                | 0/1/0                      | 251                     | 14                | 0.282140%             |
| 224              | AR               | 0/1/0                      | 314                     | 41                | 0.352956%             |
| 225              | CR               | 0/1/0                      | 271                     | 46                | 0.304621%             |
| 227              | J                | 1/1/1                      | 546                     | 46                | 0.613738%             |
| 301              | G/ADA            | 0/1/0                      | 298                     | 46                | 0.334971%             |
| 302              | E/ADA            | 0/1/0                      | 359                     | 43                | 0.403539%             |
| 303              | K                | 0/1/0                      | 226                     | 14                | 0.254038%             |
| 304              | B                | 0/1/0                      | 309                     | 14                | 0.347335%             |
| 305              | C                | 0/1/0                      | 246                     | 48                | 0.276519%             |
| 306              | F                | 0/1/0                      | 244                     | 40                | 0.274271%             |
| 307              | CR               | 0/1/0                      | 271                     | 48                | 0.304621%             |
| 308              | B/ADA            | 0/1/0                      | 285                     | 14                | 0.320358%             |
| 309              | D                | 0/1/0                      | 251                     | 14                | 0.282140%             |
| 310              | A                | 0/1/0                      | 323                     | 41                | 0.363072%             |
| 311              | CR               | 0/1/0                      | 272                     | 47                | 0.305745%             |
| 312              | AR               | 0/1/0                      | 322                     | 41                | 0.361948%             |
| 314              | B                | 0/1/0                      | 291                     | 14                | 0.327102%             |
| 315              | C                | 0/1/0                      | 272                     | 47                | 0.305745%             |
| 316              | AR               | 0/1/0                      | 321                     | 42                | 0.360824%             |
| 317              | DR               | 0/1/0                      | 251                     | 14                | 0.282140%             |
| 318              | A                | 0/1/0                      | 312                     | 42                | 0.350708%             |
| 319              | C                | 0/1/0                      | 271                     | 47                | 0.304621%             |
| 320              | BR               | 0/1/0                      | 291                     | 14                | 0.327102%             |
| 321              | CR               | 0/1/0                      | 271                     | 47                | 0.304621%             |

**EXHIBIT "B"****(Page 1 of 6)**

| Apartment Number | Apartment Types* | Bedrooms/<br>Baths/Kitchen | Net Square Footage** | Net Lanai Area | Common Interest*** |
|------------------|------------------|----------------------------|----------------------|----------------|--------------------|
| 322              | A                | 0/1/0                      | 315                  | 41             | 0.354080%          |
| 323              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 324              | AR               | 0/1/0                      | 314                  | 41             | 0.352956%          |
| 325              | CR               | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 327              | C                | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 329              | DR/ADA           | 0/1/0                      | 265                  | None           | 0.297877%          |
| 401              | G/ADA            | 0/1/0                      | 298                  | 46             | 0.334971%          |
| 402              | E/ADA            | 0/1/0                      | 359                  | 43             | 0.403539%          |
| 403              | K                | 0/1/0                      | 226                  | 14             | 0.254038%          |
| 404              | B                | 0/1/0                      | 309                  | 14             | 0.347335%          |
| 405              | C                | 0/1/0                      | 246                  | 48             | 0.276519%          |
| 406              | F                | 0/1/0                      | 244                  | 40             | 0.274271%          |
| 407              | CR               | 0/1/0                      | 271                  | 48             | 0.304621%          |
| 408              | B/ADA            | 0/1/0                      | 285                  | 14             | 0.320358%          |
| 409              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 410              | A                | 0/1/0                      | 323                  | 41             | 0.363072%          |
| 411              | CR               | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 412              | AR               | 0/1/0                      | 322                  | 41             | 0.361948%          |
| 414              | B                | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 415              | C                | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 416              | AR               | 0/1/0                      | 321                  | 42             | 0.360824%          |
| 417              | DR               | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 418              | A                | 0/1/0                      | 312                  | 42             | 0.350708%          |
| 419              | C                | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 420              | BR               | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 421              | CR               | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 422              | A                | 0/1/0                      | 315                  | 41             | 0.354080%          |
| 423              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 424              | AR/ADA           | 0/1/0                      | 314                  | 41             | 0.352956%          |
| 425              | CR               | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 427              | C                | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 429              | DR               | 0/1/0                      | 265                  | None           | 0.297877%          |
| 501              | G                | 0/1/0                      | 298                  | 46             | 0.334971%          |
| 502              | E                | 0/1/0                      | 359                  | 43             | 0.403539%          |
| 503              | K                | 0/1/0                      | 226                  | 14             | 0.254038%          |
| 504              | B                | 0/1/0                      | 309                  | 14             | 0.347335%          |
| 505              | C                | 0/1/0                      | 246                  | 48             | 0.276519%          |
| 506              | H                | 0/1/0                      | 550                  | 56             | 0.618235%          |
| 507              | CR               | 0/1/0                      | 271                  | 48             | 0.304621%          |
| 509              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 510              | A                | 0/1/0                      | 323                  | 41             | 0.363072%          |
| 511              | CR               | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 512              | AR               | 0/1/0                      | 322                  | 41             | 0.361948%          |
| 514              | B                | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 515              | C                | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 516              | AR               | 0/1/0                      | 321                  | 42             | 0.360824%          |
| 517              | DR               | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 518              | A                | 0/1/0                      | 312                  | 42             | 0.350708%          |
| 519              | C                | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 520              | BR               | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 521              | CR               | 0/1/0                      | 271                  | 47             | 0.304621%          |

**EXHIBIT "B"**  
(Page 2 of 6)

| Apartment Number | Apartment Types* | Bedrooms/<br>Baths/Kitchen | Net Square Footage** | Net Lanai Area | Common Interest*** |
|------------------|------------------|----------------------------|----------------------|----------------|--------------------|
| 522              | A                | 0/1/0                      | 315                  | 41             | 0.354080%          |
| 523              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 524              | AR               | 0/1/0                      | 314                  | 41             | 0.352956%          |
| 525              | CR               | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 527              | C                | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 529              | DR               | 0/1/0                      | 265                  | None           | 0.297877%          |
| 601              | G                | 0/1/0                      | 298                  | 46             | 0.334971%          |
| 602              | E                | 0/1/0                      | 359                  | 43             | 0.403539%          |
| 603              | K                | 0/1/0                      | 226                  | 14             | 0.254038%          |
| 604              | B                | 0/1/0                      | 309                  | 14             | 0.347335%          |
| 605              | C                | 0/1/0                      | 246                  | 48             | 0.276519%          |
| 606              | H                | 0/1/0                      | 550                  | 56             | 0.618235%          |
| 607              | CR               | 0/1/0                      | 271                  | 48             | 0.304621%          |
| 609              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 610              | A                | 0/1/0                      | 323                  | 41             | 0.363072%          |
| 611              | CR               | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 612              | AR               | 0/1/0                      | 322                  | 41             | 0.361948%          |
| 614              | B                | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 615              | C                | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 616              | AR               | 0/1/0                      | 321                  | 42             | 0.360824%          |
| 617              | DR               | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 618              | A                | 0/1/0                      | 312                  | 42             | 0.350708%          |
| 619              | C                | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 620              | BR               | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 621              | CR               | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 622              | A                | 0/1/0                      | 315                  | 41             | 0.354080%          |
| 623              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 624              | AR               | 0/1/0                      | 314                  | 41             | 0.352956%          |
| 625              | CR               | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 627              | C                | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 629              | DR               | 0/1/0                      | 265                  | None           | 0.297877%          |
| 701              | G                | 0/1/0                      | 298                  | 46             | 0.334971%          |
| 702              | E                | 0/1/0                      | 360                  | 43             | 0.404663%          |
| 703              | K                | 0/1/0                      | 226                  | 14             | 0.254038%          |
| 704              | B                | 0/1/0                      | 309                  | 14             | 0.347335%          |
| 705              | C                | 0/1/0                      | 246                  | 48             | 0.276519%          |
| 706              | F                | 0/1/0                      | 244                  | 40             | 0.274271%          |
| 707              | CR               | 0/1/0                      | 271                  | 48             | 0.304621%          |
| 708              | B                | 0/1/0                      | 285                  | 14             | 0.320358%          |
| 709              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 710              | A                | 0/1/0                      | 323                  | 41             | 0.363072%          |
| 711              | CR               | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 712              | AR               | 0/1/0                      | 322                  | 41             | 0.361948%          |
| 714              | B                | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 715              | C                | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 716              | AR               | 0/1/0                      | 321                  | 42             | 0.360824%          |
| 717              | DR               | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 718              | A                | 0/1/0                      | 312                  | 42             | 0.350708%          |
| 719              | C                | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 720              | BR               | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 721              | CR               | 0/1/0                      | 271                  | 47             | 0.304621%          |

**EXHIBIT "B"**  
(Page 3 of 6)

| Apartment Number | Apartment Types* | Bedrooms/<br>Baths/Kitchen | Net Square Footage** | Net Lanai Area | Common Interest*** |
|------------------|------------------|----------------------------|----------------------|----------------|--------------------|
| 722              | A                | 0/1/0                      | 315                  | 41             | 0.354080%          |
| 723              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 724              | AR               | 0/1/0                      | 314                  | 41             | 0.352956%          |
| 725              | CR               | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 727              | C                | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 729              | DR               | 0/1/0                      | 265                  | None           | 0.297877%          |
| 801              | G                | 0/1/0                      | 298                  | 46             | 0.334971%          |
| 802              | E                | 0/1/0                      | 360                  | 43             | 0.404663%          |
| 803              | K                | 0/1/0                      | 226                  | 14             | 0.254038%          |
| 804              | B                | 0/1/0                      | 309                  | 14             | 0.347335%          |
| 805              | C                | 0/1/0                      | 246                  | 48             | 0.276519%          |
| 806              | F                | 0/1/0                      | 244                  | 40             | 0.274271%          |
| 807              | CR               | 0/1/0                      | 271                  | 48             | 0.304621%          |
| 808              | B                | 0/1/0                      | 285                  | 14             | 0.320358%          |
| 809              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 810              | A                | 0/1/0                      | 323                  | 41             | 0.363072%          |
| 811              | CR               | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 812              | AR               | 0/1/0                      | 322                  | 41             | 0.361948%          |
| 814              | B                | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 815              | C                | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 816              | AR               | 0/1/0                      | 321                  | 42             | 0.360824%          |
| 817              | DR               | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 818              | A                | 0/1/0                      | 312                  | 42             | 0.350708%          |
| 819              | C                | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 820              | BR               | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 821              | CR               | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 822              | A                | 0/1/0                      | 315                  | 41             | 0.354080%          |
| 823              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 824              | AR               | 0/1/0                      | 314                  | 41             | 0.352956%          |
| 825              | CR               | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 827              | C                | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 829              | DR               | 0/1/0                      | 265                  | None           | 0.297877%          |
| 901              | G                | 0/1/0                      | 298                  | 46             | 0.334971%          |
| 902              | E                | 0/1/0                      | 360                  | 43             | 0.404663%          |
| 903              | K                | 0/1/0                      | 226                  | 14             | 0.254038%          |
| 904              | B                | 0/1/0                      | 309                  | 14             | 0.347335%          |
| 905              | C                | 0/1/0                      | 246                  | 48             | 0.276519%          |
| 906              | F                | 0/1/0                      | 244                  | 40             | 0.274271%          |
| 907              | CR               | 0/1/0                      | 271                  | 48             | 0.304621%          |
| 908              | B                | 0/1/0                      | 285                  | 14             | 0.320358%          |
| 909              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 910              | A                | 0/1/0                      | 323                  | 41             | 0.363072%          |
| 911              | CR               | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 912              | AR               | 0/1/0                      | 322                  | 41             | 0.361948%          |
| 914              | B                | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 915              | C                | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 916              | AR               | 0/1/0                      | 321                  | 42             | 0.360824%          |
| 917              | DR               | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 918              | A                | 0/1/0                      | 312                  | 42             | 0.350708%          |
| 919              | C                | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 920              | BR               | 0/1/0                      | 291                  | 14             | 0.327102%          |

**EXHIBIT "B"**  
(Page 4 of 6)

| Apartment Number | Apartment Types* | Bedrooms/<br>Baths/Kitchen | Net Square Footage** | Net Lanai Area | Common Interest*** |
|------------------|------------------|----------------------------|----------------------|----------------|--------------------|
| 921              | CR               | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 922              | A                | 0/1/0                      | 315                  | 41             | 0.354080%          |
| 923              | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 924              | AR               | 0/1/0                      | 314                  | 41             | 0.352956%          |
| 925              | CR               | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 927              | C                | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 929              | DR               | 0/1/0                      | 265                  | None           | 0.297877%          |
| 1001             | G                | 0/1/0                      | 298                  | 46             | 0.334971%          |
| 1002             | E                | 0/1/0                      | 360                  | 43             | 0.404663%          |
| 1003             | K                | 0/1/0                      | 226                  | 14             | 0.254038%          |
| 1004             | B                | 0/1/0                      | 309                  | 14             | 0.347335%          |
| 1005             | C                | 0/1/0                      | 246                  | 48             | 0.276519%          |
| 1006             | F                | 0/1/0                      | 244                  | 40             | 0.274271%          |
| 1007             | CR               | 0/1/0                      | 271                  | 48             | 0.304621%          |
| 1008             | B                | 0/1/0                      | 285                  | 14             | 0.320358%          |
| 1009             | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 1010             | A                | 0/1/0                      | 323                  | 41             | 0.363072%          |
| 1011             | CR               | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 1012             | AR               | 0/1/0                      | 322                  | 41             | 0.361948%          |
| 1014             | B                | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 1015             | C                | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 1016             | AR               | 0/1/0                      | 321                  | 42             | 0.360824%          |
| 1017             | DR               | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 1018             | A                | 0/1/0                      | 312                  | 42             | 0.350708%          |
| 1019             | C                | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 1020             | BR               | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 1021             | CR               | 0/1/0                      | 271                  | 47             | 0.304621%          |
| 1022             | A                | 0/1/0                      | 315                  | 41             | 0.354080%          |
| 1023             | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 1024             | AR               | 0/1/0                      | 314                  | 41             | 0.352956%          |
| 1025             | CR               | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 1027             | C                | 0/1/0                      | 271                  | 46             | 0.304621%          |
| 1029             | DR               | 0/1/0                      | 265                  | None           | 0.297877%          |
| 1101             | G                | 0/1/0                      | 298                  | 46             | 0.334971%          |
| 1102             | E                | 0/1/0                      | 360                  | 43             | 0.404663%          |
| 1103             | K                | 0/1/0                      | 226                  | 14             | 0.254038%          |
| 1104             | B                | 0/1/0                      | 309                  | 14             | 0.347335%          |
| 1105             | C                | 0/1/0                      | 246                  | 48             | 0.276519%          |
| 1106             | F                | 0/1/0                      | 244                  | 40             | 0.274271%          |
| 1107             | CR               | 0/1/0                      | 271                  | 48             | 0.304621%          |
| 1108             | B                | 0/1/0                      | 285                  | 14             | 0.320358%          |
| 1109             | D                | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 1110             | A                | 0/1/0                      | 323                  | 41             | 0.363072%          |
| 1111             | CR               | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 1112             | AR               | 0/1/0                      | 322                  | 41             | 0.361948%          |
| 1114             | B                | 0/1/0                      | 291                  | 14             | 0.327102%          |
| 1115             | C                | 0/1/0                      | 272                  | 47             | 0.305745%          |
| 1116             | AR               | 0/1/0                      | 321                  | 42             | 0.360824%          |
| 1117             | DR               | 0/1/0                      | 251                  | 14             | 0.282140%          |
| 1118             | A                | 0/1/0                      | 312                  | 42             | 0.350708%          |
| 1119             | C                | 0/1/0                      | 271                  | 47             | 0.304621%          |

**EXHIBIT "B"**  
(Page 5 of 6)



| Apartment Number | Apartment Types* | Bedrooms/Baths/Kitchen | Net Square Footage** | Net Lanai Area | Common Interest*** |
|------------------|------------------|------------------------|----------------------|----------------|--------------------|
| 1120             | BR               | 0/1/0                  | 291                  | 14             | 0.327102%          |
| 1121             | CR               | 0/1/0                  | 271                  | 47             | 0.304621%          |
| 1122             | A                | 0/1/0                  | 315                  | 41             | 0.354080%          |
| 1123             | D                | 0/1/0                  | 251                  | 14             | 0.282140%          |
| 1124             | AR               | 0/1/0                  | 314                  | 41             | 0.352956%          |
| 1125             | CR               | 0/1/0                  | 271                  | 46             | 0.304621%          |
| 1127             | C                | 0/1/0                  | 271                  | 46             | 0.304621%          |
| 1129             | DR               | 0/1/0                  | 265                  | None           | 0.297877%          |
| 1201             | J                | 1/1/1                  | 751                  | 101            | 0.844171%          |
| 1202             | L                | 0/1/0                  | 329                  | 39             | 0.369817%          |
| 1203             | M                | 0/1/0                  | 326                  | 40             | 0.366444%          |
| 1204             | N                | 0/1/0                  | 466                  | 61             | 0.523813%          |
| 1205             | O                | 1/1/1                  | 648                  | 78             | 0.728393%          |
| 1207             | P                | 1/1/1                  | 684                  | 98             | 0.768859%          |
| 1208             | Q                | 1/1/1                  | 559                  | None           | 0.628351%          |
| 1209             | R                | 1/1/1                  | 527                  | None           | 0.592381%          |
| 1210             | S                | 1/1/1                  | 538                  | None           | 0.604746%          |
|                  |                  |                        |                      |                |                    |
| <b>Total</b>     |                  |                        | <b>88392</b>         |                | <b>100.000000%</b> |

\* The Apartment Type designations reflect groupings of Apartments having the same general floor plan. It should be noted that because construction is not a precise science, it is not always possible to construct each Apartment of a particular Apartment Type such that they have precisely the same net square footage. Accordingly, Apartments of a particular Apartment Type designation may vary slightly as to the net square footage which is reflected above.

\*\* The approximate net square footage of each apartment as set forth above is measured from the exterior surface of the apartment perimeter and party walls and includes all of the non-load bearing interior walls, columns, chase spaces and partitions within its perimeter walls. The areas shown are approximate only, and the Developer makes no representations or warranties whatsoever as to the area of any particular apartment.

\*\*\* The Common Interest for each Apartment was assigned by the Developer by dividing the net square footage of each Apartment by the total net square footage of all Apartments in the Project. The Common Interest appurtenant to Apartment M101 was decreased by .000002% to permit the total Common Interest of all Apartments to equal exactly 100.00%. The net square footage of Apartment 101 was reduced subsequent to the initial calculation of the Common Interests of the Apartments, however, this reduction in net square footage as to Apartment 101 has not resulted in a change to the Common Interest for any Apartment.



Certified to be a true and correct copy of the original filed  
on JUL 31 2008 @ 8:01 a.m. in the office of the  
Assistant Registrar of the Land Court as

DOC # 3975534 /TCT# 589,819

By: [Signature]  
FIDELITY NATIONAL TITLE INSURANCE COMPANY

LAND COURT SYSTEM

REGULAR SYSTEM

AFTER RECORDATION: RETURN BY MAIL (X) PICK-UP (X)  
Richard T. Asato, Jr.  
Imanaka Kudo & Fujimoto  
745 Fort Street 17th Flr  
Honolulu, HI 96813

Tax Map Key No. (1) 2-6-012: 003 CPR Nos. \_\_\_\_\_

Total Pages: 7

**SECOND AMENDMENT TO DECLARATION OF CONDOMINIUM PROPERTY REGIME  
PALMS AT WAIKIKI AND PARTIAL ASSIGNMENT OF DEVELOPER'S RESERVED RIGHT  
TO REDESIGNATE LIMITED COMMON ELEMENT AREAS**

WHEREAS, by way of that certain Declaration of Condominium Property Regime of Palms at Waikiki dated May 11, 2004, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 3182364, and duly noted on Transfer Certificate of Title No. 589,819 ("Declaration"), LAEROC WAIKIKI PARKSIDE, LLC, a Hawaii limited liability company ("Developer"), established the "PALMS AT WAIKIKI" condominium project ("Project"), pursuant to Chapter 514A, Hawaii Revised Statutes, as amended; and

WHEREAS, said Declaration has been amended by various parking stall amendments of record and by that certain Amendment to Declaration of Condominium Property Regime of Palms at Waikiki dated January 8, 2007, recorded in said Office as Document No. 3541705;

WHEREAS, that certain limited common element area shown on the Sheet A2.01 of the Project filed in said Office as a portion of Condominium Map No. 1674 as the same may hereafter be amended from time to time ("Condominium Map"), is a limited common element appurtenant solely to Apartment 105 of the Project owned by Aqua Hotels & Resorts, LLC ("Aqua") (a copy of sheet A2.01 of said Condominium Map is attached hereto as Exhibit "A" and is incorporated herein by this reference, and has been marked to more particularly identify the subject limited common element area. Such limited common element area is approximately 31 square feet); and

WHEREAS, the Developer is the owner of Apartment 101 of the Project; and

WHEREAS, pursuant to Article XXIV of the Declaration, as amended, the Developer has the reserved right to redesignate limited common elements that are appurtenant to an apartment or apartments owned by the Developer, to another apartment or apartments owned by Developer, by amending the Declaration, and, pursuant to Article XXVII of the Declaration, as amended, to assign its rights under the Declaration, including, without limitation, those under Article XXIV thereof, to any party without the consent of any lienholder or other party whatsoever; and

WHEREAS, the Developer, pursuant to said Article XXVII of the Declaration, as amended, desires to assign its reserved right set forth in Article XXIV of the Declaration to Aqua as to Apartment 105 only, and then only with regard to this Second Amendment, to allow Aqua to utilize such reserved right to join with Developer herein to redesignate the subject limited common element area appurtenant to Apartment 105 and depicted in Exhibit "A" attached hereto, as a limited common element appurtenant to Apartment 101; and

WHEREAS, Aqua, as the owner of Apartment 105 pursuant to instrument dated December 27, 2006, recorded in said Office as Document No. 3568398 and duly noted on Transfer Certificate of Title No. 847,894, and as the holder of the reserved rights of Developer as to Apartment 105 under Article XXIV of the Declaration, desires to change the designation of the subject limited common element area from being appurtenant to said Apartment 105 to being a limited common element appurtenant solely to said Apartment 101 ("Transfer"); and

WHEREAS, Apartments 101 and 105 are not encumbered by any mortgage liens;

NOW, THEREFORE, pursuant to Article XXVII of the Declaration, Developer does hereby assign its reserved rights under Article XXIV of the Declaration, as amended, as to Apartment 105 in the Project only, to Aqua to permit Aqua to effect the Transfer, and, pursuant to said Article XXIV of the Declaration, Developer and Aqua do hereby jointly exercise their reserved development rights thereunder to in turn, effectuate the Transfer as of the date of recordation of this Amendment in said Office. This partial assignment to Aqua of Developer's reserved right under Article XXIV of the Declaration, as amended, shall be effective only for purposes of this Second Amendment, and shall expire and revert back to Developer after the recordation of this Second Amendment.

AND the Declaration, as amended herein, is hereby confirmed and ratified.

AND in all other respects, the Declaration shall remain unchanged and in full force and effect.

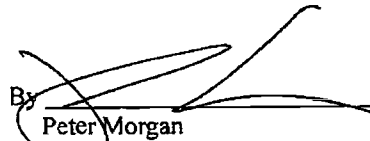
AND The parties agree that this Amendment may be executed in counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one and the same instrument, binding all of the parties hereto, notwithstanding that all of the parties are not signatories to the original or the same counterparts. For all purposes, including, without limitation, recordation, filing and delivery of this Amendment, duplicate, unexecuted and unacknowledged pages of the counterparts may be discarded and the remaining pages assembled as one document.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the undersigned have executed this Amendment this  
15th day of JULY, 2008.

LAEROC WAIKIKI PARKSIDE, LLC  
a Hawaii limited liability company

By LAEROC PARTNERS, INC.,  
a California corporation  
Its Manager

By   
Peter Morgan  
Its Executive Vice President

"Developer"

AQUA HOTELS & RESORTS, LLC,  
a Hawaii limited liability company

By \_\_\_\_\_  
Michael Paulin  
Its \_\_\_\_\_

"Paulin"

IN WITNESS WHEREOF, the undersigned have executed this Amendment this  
day of \_\_\_\_\_, 2008.



LAEROC WAIKIKI PARKSIDE, LLC  
a Hawaii limited liability company

By LAEROC PARTNERS, INC.,  
a California corporation  
Its Manager

By \_\_\_\_\_  
Peter Morgan  
Its Executive Vice President

"Developer"

AQUA HOTELS & RESORTS, LLC,  
a Hawaii limited liability company

By   
Michael Paulin  
Its 

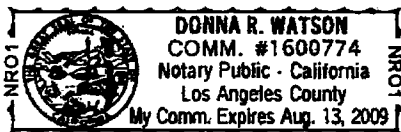
"Paulin"

STATE OF CALIFORNIA

COUNTY OF Los Angeles

SS:

On this 15th day of July, 2008, before me appeared PETER MORGAN, to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable, in the capacities shown, having been duly authorized to execute such instrument in such capacities.



Donna R. Watson  
Name: DONNA R. WATSON  
Notary Public, in and for said State

My commission expires: Aug. 13, 2009

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

SS:

On this \_\_\_\_\_ day of \_\_\_\_\_, 2008, before me appeared MICHAEL PAULIN, to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable, in the capacities shown, having been duly authorized to execute such instrument in such capacities.

\_\_\_\_\_  
Name: \_\_\_\_\_  
Notary Public, in and for said State

My commission expires: \_\_\_\_\_

STATE OF CALIFORNIA

COUNTY OF \_\_\_\_\_

SS: \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 2008, before me appeared PETER MORGAN, to me personally known, who being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person and if applicable, in the capacities shown, having been duly authorized to execute such instrument in such capacities.

Name: \_\_\_\_\_

Notary Public, in and for said State

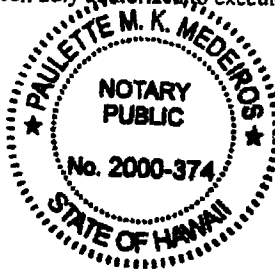
My commission expires: \_\_\_\_\_

STATE OF Hawaii

City of Honolulu  
COUNTY OF Honolulu

SS: \_\_\_\_\_

On this 16th day of July, 2008, before me appeared MICHAEL PAULIN, to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable, in the capacities shown, having been duly authorized to execute such instrument in such capacities.



Name: Paulette M. K. Medeiros

Notary Public, in and for said State Honolulu, 1st Circuit

My commission expires: July 20, 2008

Document Date: 7/16/08 # Pages: 5

Doc. Description: 2nd Amended Declaration

if Condo Prop: Regime PAW

APL

Notary Name: PAULETTE M. K. MEDEIROS

First Circuit No. 2000-374

Notary Signature: [Signature]

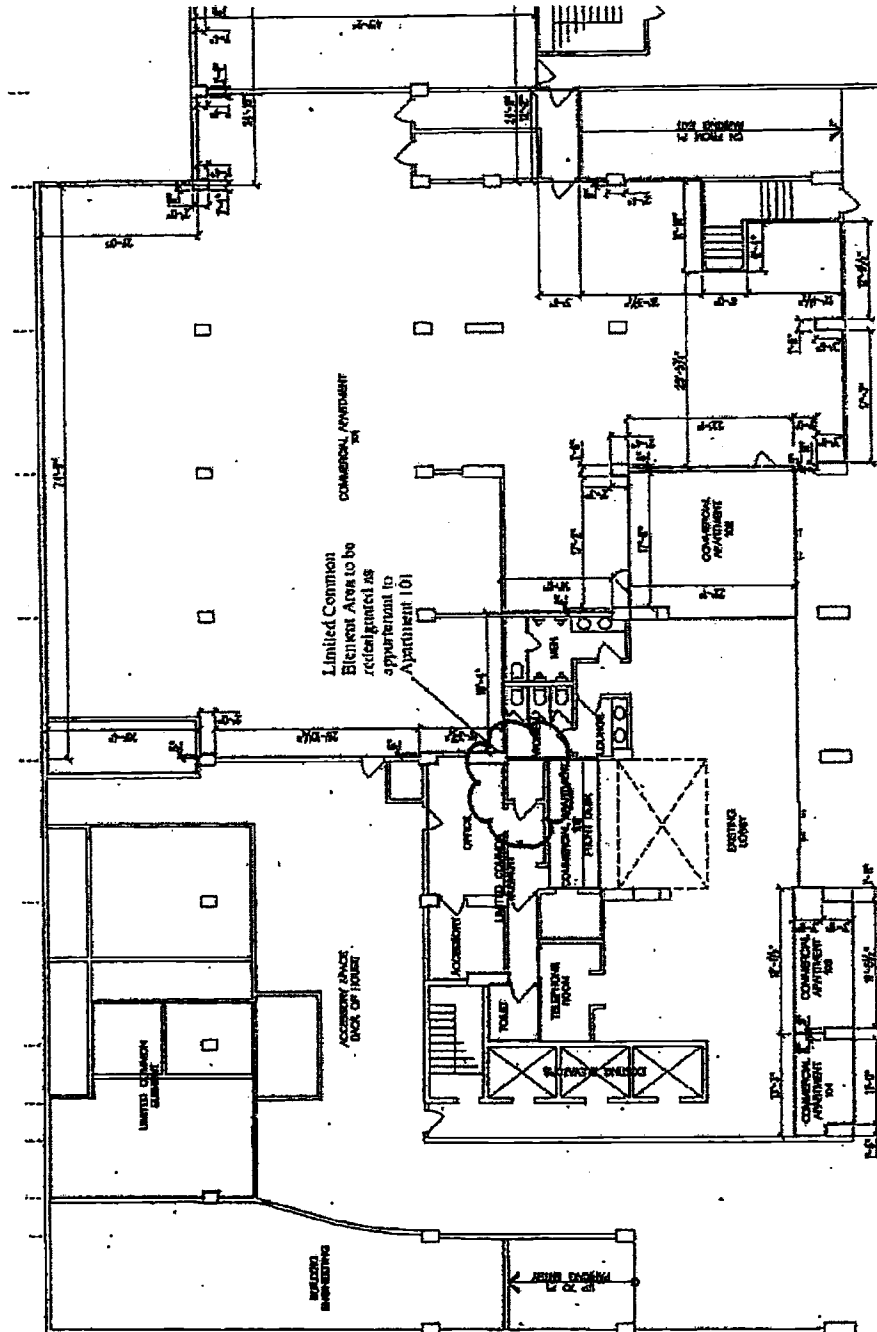
Date: 7/16/08

STATE OF HAWAII

479111.4



**DEPICTION OF SUBJECT LIMITED COMMON ELEMENT AREA TO BE REDESIGNATED  
FROM APARTMENT 105 TO APARTMENT 101**



**EXHIBIT "A"**  
**(Page 1 of 1)**

Certified to be a true and correct copy of the original filed  
on JUL 31 2008 @ 8:01 a.m. in the office of the  
Assistant Registrar of the Land Court as.

DOC # 3175535 / TCT# 589,819

By: [Signature]  
FIDELITY NATIONAL TITLE INSURANCE COMPANY

LAND COURT SYSTEM

REGULAR SYSTEM

AFTER RECORDATION: RETURN BY MAIL (☒) PICK-UP (X)

Richard T. Asato, Jr.  
Imanaka Kudo & Fujimoto  
745 Fort Street, 17th Flr  
Honolulu, HI 96813

Tax Map Key No. (1) 2-6-012: 003  
TCT Listing: See Schedule 1 attached hereto

Total Pages: 9

**THIRD AMENDMENT TO DECLARATION OF CONDOMINIUM PROPERTY REGIME  
PALMS AT WAIKIKI**

WHEREAS, by way of that certain Declaration of Condominium Property Regime of Palms at Waikiki dated May 11, 2004, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 3182364, and duly noted on Transfer Certificate of Title No. 589,819 ("Declaration"), LAEROC WAIKIKI PARKSIDE, LLC, a Hawaii limited liability company ("Developer"), established the "PALMS AT WAIKIKI" condominium project ("Project"), pursuant to Chapter 514A, Hawaii Revised Statutes ("HRS"), as amended (the "Act"); and

WHEREAS, said Declaration has been amended by various parking stall amendments of record, that certain Amendment to Declaration of Condominium Property Regime dated January 8, 2007, recorded in said Office as Document No. 3541705, and that certain Second Amendment to Declaration of Condominium Property Regime Palms at Waikiki and Partial Assignment of Developer's Reserved Right to Redesignate Limited Common Element Areas dated July 15, 2008, recorded in said Office as Document No. 3175534 ("Second Amendment"); and

WHEREAS, Developer is presently the owner of Commercial Apartments 101 and 102 ("Apartments") of the Project (neither of which are subject to any mortgages or other liens) and, pursuant to Developer's reserved rights set forth in Articles XX and Article XXIV of the Declaration, as amended, and as the attorney-in-fact for all persons having an interest in the Project as granted to Developer in Article XXVIII of said Declaration and in the apartment deeds to all owners of apartments in the Project to authorize Developer to exercise such reserved rights, the Developer now desires to amend the Declaration and Condominium Map No. 1674 ("Condominium Map") to: (i) create a new commercial apartment unit from that certain limited common element area appurtenant to Apartment 101 to be known as Apartment 106 (which limited common element area is more particularly depicted on Exhibit "A"

attached hereto and incorporated herein by this reference); (ii) recognize the designation of particular common element areas of the Project as limited common element areas appurtenant to individual units of the Project pursuant to HRS Section 514B-35, as amended (which section applies to condominium projects created under the Act pursuant to HRS Section 514B-22, as amended), (iii) redesignate certain existing common element areas of the Project as limited common elements appurtenant to such newly created Apartment 106; and (iv) further redesignate such limited common elements appurtenant to Apartment 106 as limited common elements appurtenant to Apartment 101 only or to both of the Apartments; and

WHEREAS, pursuant to resolutions duly adopted as of July 14, 2008, the Board of Directors of the Association of Apartment Owners of Palms at Waikiki ("Board"), upon reviewing said Second Amendment, this Third Amendment together with certain new sheets of the Condominium Map to be concurrently recorded herewith, as well as schematic plans and drawings depicting the improvements to be made to the Apartments and to certain areas of the Project to facilitate the operation of the Apartments as a restaurant and food service establishment ("Schematics"); and further, having been informed by the Developer of its position that the redesignation of certain common elements of the Project as limited common elements appurtenant to newly created Apartment 106 that will in turn, ultimately become appurtenant to the Apartments pursuant to said Second Amendment and this Third Amendment, will not have a material adverse effect on the remainder of the Project, has taken no position with respect to Developer proceeding with the exercise of its reserved rights to effect the changes to the Project set forth in said Second Amendment and this Third Amendment and accompanying revised sheets of the Condominium Map, or to the execution of the proposed development plans in accordance with the Schematics either by Developer or by any purchaser of the Apartments; and

WHEREAS, Parking Stalls 18, 24, 44, 84, 95 through 110, inclusive, 121, 124, 130 through 135 inclusive, HC1, HC2, HC3, HC4, HC5 and parking stall area A2 ("Parking Stalls"), as shown on the Condominium Map are currently limited common elements appurtenant exclusively to Apartment 101 owned by the Developer, and the Developer, pursuant to HRS Section 514A-14, as amended, desires to redesignate certain of such Parking Stalls as limited common elements to be exclusively appurtenant to Apartment 102 and 1210 in the manner stated below, which Apartments 102 and 1210 are also owned by the Developer and which are not encumbered by any mortgages;

NOW, THEREFORE, Developer does hereby amend the Declaration and the Condominium Map in the following manner:

1. Pursuant to the collective authority of Articles V and XX of the Declaration, that certain limited common element area containing approximately 31 square feet appurtenant to Apartment 101 on the lobby floor of the Project as depicted on Exhibit "A" attached hereto and incorporated herein by this reference, is hereby converted into a new commercial apartment containing an area of 31 square feet (as depicted on new Sheet LCEACM-1 to the Condominium Map filed concurrently herewith), having a common interest of .000001% and to be known as Apartment 106. In order to allocate such common interest to Apartment 106, the common interest of Apartment 101 is hereby simultaneously reduced from 8.564235% to 8.564234%, thus allowing the total common interest of all apartments in the Project to equal 100%. Such determination of the common interest appurtenant to Apartment 106 is in accordance with the authority under Article V of the Declaration for the Developer, being also the owner of the apartments whose common interests are being altered, to effect such reallocation of common interest between Apartments 101 and 106 given that such reallocation will not impact the common interests of any other apartments in the Project.

2. Pursuant to HRS Section 514B-35, as amended, the following areas previously designated as common elements of the Project, are by operation of law, designated as limited common

elements appurtenant to Apartment 101:

a. The existing duct shaft and roof penetration area, together with a portion of the rooftop area adjoining the rooftop penetration area, as depicted on new Sheets LCEACM-1 and LCEACM-2 to the Condominium Map filed concurrently herewith, and designated as "Limited Common Element Area 1," to be used for cooking ventilation purposes. The duct shaft lies partially within and partially outside of Apartment 101 and serves only Apartment 101, and such portion of the rooftop area may be used for the installation and operation of cooking ventilation-related equipment; and

b. That certain patio area outside the boundary of, but adjacent to, Apartment 101 as depicted on new Sheet LCEACM-1 to the Condominium Map filed concurrently herewith, and designated as "Limited Common Element Area 2," to be used for the installation and operation of fresh air/make-up air and/or air conditioning systems and/or other activities, except that smoking, outdoor sales of any kind, and outdoor food or drink service shall not be permitted without the express approval of the Board. Such area is designed to serve, and is only accessible through, Apartment 101.

3. To the extent that facts or circumstances exist presently or may exist in the future that serve to prevent the designation of the Limited Common Element Areas 1 and 2 as being appurtenant to Apartment 101 by operation of HRS Section 514B-35, as amended, pursuant to Article XX of the Declaration, simultaneously with the creation of new Apartment 106 such Limited Common Element Areas 1 and 2 shall be alternatively designated as limited common elements appurtenant to Apartment 106, and, pursuant to Article XXIV of the Declaration, such areas shall in turn, be redesignated as limited common elements appurtenant to Apartment 101.

4. Simultaneously with the creation of new Apartment 106, pursuant to Article XX of the Declaration, the following areas of the Project previously designated as common elements of the Project, shall be redesignated as limited common elements appurtenant to said Apartment 106 as shown on the new sheets LCEACM-1 and LCEACM-2 to the Condominium Map identified below to be filed concurrently herewith;

a. That certain area designated as an underground grease trap shown on new Sheet LCEACM-1 to the Condominium Map filed concurrently herewith, and identified as "Limited Common Element Area 3";

b. That certain area designated within an existing driveway of the Project for trash bin purposes as shown on new Sheet LCEACM-1 to the Condominium Map filed concurrently herewith, and identified as "Limited Common Element Area 4";

c. That certain area situate on Parking Level P-2 of the Project to be used for kitchen exhaust emission scrubber and make-up air fan and other equipment for Apartments 101 and 102, as shown on new Sheet LCEACM-1 to the Condominium Map filed concurrently herewith, and identified as "Limited Common Element Area 5"; and

d. That certain building frontage area adjacent to Apartments 101 and 102 near the sidewalk of the Project as shown on new Sheet LCEACM-1 to the Condominium Map filed concurrently herewith, and identified as "Limited Common Element Area 6," including the decorated or finished surfaces of the building frontage area adjacent to Apartments 101 and 102, or if not, the undecorated or unfinished surface and a block of airspace projecting up to 114 1/16 inches from the surface, in which the owner of Apartments 101 and 102 may install, and from time to time change, signage, awnings and decorative features, together with the right to penetrate the surface of the building frontage area for the purpose of attaching signage, awnings and decorative features, provided that the structural integrity of the

building shall not be compromised. Although new Sheet LCEACM-1 to the Condominium Map shows particular signage wording, this is an example only and is not intended to limit the signage wording or the unit owners' right to change it.

5. Pursuant to Article XXIV of the Declaration, Limited Common Element Areas 3, 4, 5 and 6 appurtenant to Apartment 106, are hereby redesignated as limited common elements appurtenant to Apartments 101 and 102 of the Project.

6. Pursuant to HRS Section 514A-14, as amended, Developer does hereby further amend the Declaration to effect the redesignation of certain of the Parking Stalls as limited common elements appurtenant to Apartment 101 to limited common elements appurtenant to Apartments 102 and 1210 owned by the Developer, as follows:

a. Parking Stall Numbers 134 and 135 are hereby redesignated as limited common elements exclusively appurtenant to Apartment 102.

b. Parking Stall Numbers 18, 24, 44, 84, 121, 124, HC1, HC2, HC3, HC4, HC5 and parking stall area A2 are hereby redesignated as limited common elements exclusively appurtenant to Apartment 1210.

AND the Declaration and Map, as amended herein, are hereby confirmed and ratified.


AND in all other respects, the Declaration and Map shall remain unchanged and in full force and effect.

(The remainder of this page is intentionally left blank)

IN WITNESS WHEREOF, the undersigned has executed this Amendment this  
15th day of JULY, 2008.

LAEROC WAIKIKI PARKSIDE, LLC  
a Hawaii limited liability company,  
for itself and as attorney-in-fact for all parties having an  
interest in the Palms at Waikiki Condominium Project

By LAEROC PARTNERS, INC.,  
a California corporation  
Its Manager

By   
Peter Morgan  
Its Executive Vice President

"Developer"

STATE OF CALIFORNIA

COUNTY OF Los Angeles

SS:

On this 15th day of July, 2008, before me appeared PETER MORGAN, to  
me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the  
foregoing instrument as the free act and deed of such person(s), and if applicable, in the capacities shown,  
having been duly authorized to execute such instrument in such capacities.



Donna R. Watson  
Name: DONNA R. WATSON  
Notary Public, in and for said State

My commission expires: Aug. 13, 2009

# SCHEDULE "1"

## TCT Listing

### THE PALMS Condo Map No. 1674

| APT NO. | TCT NO. | DEED DOC NO. | DATE RECD  | TCT NO. | TCT NO. | DEED DOC NO. | DATE RECD  |
|---------|---------|--------------|------------|---------|---------|--------------|------------|
| 101     | 589,819 | 2731977      | 8/24/2001  | 401     | 824,598 | 3485955      | 9/22/2006  |
| 102     | 589,819 | 2731977      | 8/24/2001  | 402     | 773,548 | 3335960      | 10/4/2005  |
| 103     | 848,856 | 3571346      | 3/9/2007   | 403     | 906,431 | 3742841      | 5/2/2008   |
| 104     | 848,856 | 3571346      | 3/9/2007   | 404     | 773,544 | 3335953      | 10/4/2005  |
| 105     | 847,894 | 3568398      | 3/2/2007   | 405     | 771,207 | 3329903      | 9/22/2005  |
| M101    | 796,023 | 3400538      | 3/7/2006   | 406     | 807,538 | 3435480      | 6/1/2006   |
| 202     | 796,749 | 3402729      | 3/13/2006  | 407     | 873,152 | 3645883      | 8/23/2007  |
| 205     | 840,849 | 3539083      | 1/11/2007  | 408     | 773,167 | 3334909      | 9/30/2005  |
| 206     | 848,855 | 3571343      | 3/9/2007   | 409     | 772,608 | 3333191      | 9/28/2005  |
| 207     | 898,261 | 3719748      | 3/7/2008   | 410     | 771,206 | 3329901      | 9/22/2005  |
| 209     | 883,320 | 3683979      | 11/23/2007 | 411     | 778,815 | 3352260      | 11/8/2005  |
| 210     | 783,887 | 3366822      | 12/14/2005 | 412     | 771,074 | 3329458      | 9/21/2005  |
| 211     | 733,191 | 3224387      | 1/28/2005  | 414     | 777,313 | 3347460      | 10/28/2005 |
| 212     | 823,028 | 3482028      | 9/15/2006  | 415     | 771,067 | 3329434      | 9/21/2005  |
| 214     | 781,876 | 3380725      | 11/29/2005 | 416     | 771,228 | 3329839      | 9/22/2005  |
| 215     | 790,426 | 3385827      | 2/1/2006   | 417     | 867,935 | 3629485      | 7/17/2007  |
| 216     | 873,258 | 3645757      | 8/23/2007  | 418     | 770,990 | 3329248      | 9/21/2005  |
| 217     | 775,040 | 3340870      | 10/14/2005 | 419     | 755,097 | 3286849      | 6/24/2005  |
| 218     | 770,186 | 3326911      | 9/15/2005  | 420     | 772,078 | 3332263      | 9/27/2005  |
| 219     | 783,276 | 3365197      | 12/9/2005  | 421     | 770,989 | 3329244      | 9/21/2005  |
| 220     | 877,790 | 3658796      | 9/21/2007  | 422     | 775,038 | 3340866      | 10/14/2005 |
| 221     | 764,249 | 3310572      | 8/10/2005  | 423     | 775,279 | 3341810      | 10/17/2005 |
| 222     | 895,346 | 3711893      | 2/15/2006  | 424     | 801,390 | 3416435      | 4/13/2006  |
| 223     | 775,036 | 3340863      | 10/14/2005 | 425     | 830,565 | 3504913      | 10/27/2006 |
| 224     | 779,530 | 3354223      | 11/14/2005 | 427     | 771,073 | 3329457      | 9/21/2005  |
| 225     | 783,623 | 3366268      | 12/13/2005 | 429     | 589,819 | 2731977      | 8/24/2001  |
| 227     | 756,079 | 3288849      | 7/1/2005   | 501     | 769,321 | 3324753      | 9/12/2005  |
| 301     | 780,811 | 3386949      | 2/3/2006   | 502     | 796,952 | 3403304      | 3/14/2006  |
| 302     | 780,189 | 3356055      | 11/17/2005 | 503     | 847,030 | 3585485      | 2/26/2007  |
| 303     | 807,498 | 3435350      | 6/1/2006   | 504     | 774,585 | 3339519      | 10/11/2005 |
| 304     | 773,053 | 3334621      | 9/30/2005  | 505     | 771,068 | 3329437      | 9/21/2005  |
| 305     | 825,935 | 3491630      | 10/2/2006  | 506     | 848,900 | 3571443      | 3/9/2007   |
| 306     | 782,012 | 3361345      | 11/30/2005 | 507     | 769,123 | 3324117      | 9/8/2005   |
| 307     | 819,840 | 3472232      | 8/25/2006  | 509     | 770,860 | 3328811      | 9/20/2005  |
| 308     | 787,690 | 3377275      | 1/1/2006   | 510     | 770,568 | 3327990      | 9/19/2005  |
| 309     | 770,858 | 3329807      | 9/20/2005  | 511     | 770,354 | 3327369      | 9/16/2005  |
| 310     | 771,205 | 3329899      | 9/22/2005  | 512     | 768,740 | 3322942      | 9/7/2005   |
| 311     | 773,957 | 3337325      | 10/6/2005  | 514     | 764,717 | 3311775      | 8/12/2005  |
| 312     | 779,715 | 3354718      | 11/15/2005 | 515     | 743,703 | 3254591      | 4/15/2005  |
| 314     | 781,999 | 3361308      | 11/30/2005 | 516     | 772,164 | 3332455      | 9/27/2005  |
| 315     | 818,648 | 3468512      | 8/17/2006  | 517     | 768,851 | 3323333      | 9/8/2005   |
| 316     | 776,653 | 3345386      | 10/25/2005 | 518     | 774,010 | 3337629      | 10/7/2005  |
| 317     | 823,815 | 3483837      | 9/19/2006  | 519     | 736,317 | 3234550      | 2/25/2005  |
| 318     | 767,427 | 3319035      | 8/29/2005  | 520     | 770,353 | 3327367      | 9/16/2005  |
| 319     | 835,528 | 3520167      | 11/29/2006 | 521     | 770,355 | 3327372      | 9/16/2005  |
| 320     | 897,443 | 3717596      | 3/3/2008   | 522     | 895,022 | 3711110      | 2/13/2008  |
| 321     | 760,189 | 3299793      | 7/18/2005  | 523     | 775,035 | 3340861      | 10/14/2005 |
| 322     | 777,349 | 3347639      | 10/28/2005 | 524     | 851,801 | 3582274      | 3/30/2007  |
| 323     | 772,837 | 3333929      | 9/29/2005  | 525     | 845,051 | 3558439      | 2/9/2007   |
| 324     | 775,739 | 3342689      | 10/19/2005 | 527     | 771,477 | 3330701      | 9/23/2005  |
| 325     | 804,951 | 3738586      | 4/24/2008  | 529     | 589,819 | 2731977      | 8/24/2001  |
| 327     | 775,850 | 3343213      | 10/20/2005 |         |         |              |            |
| 329     | 900,489 | 3726264      | 3/25/2008  |         |         |              |            |

**THE PALMS**  
**Condo Map No. 1674**

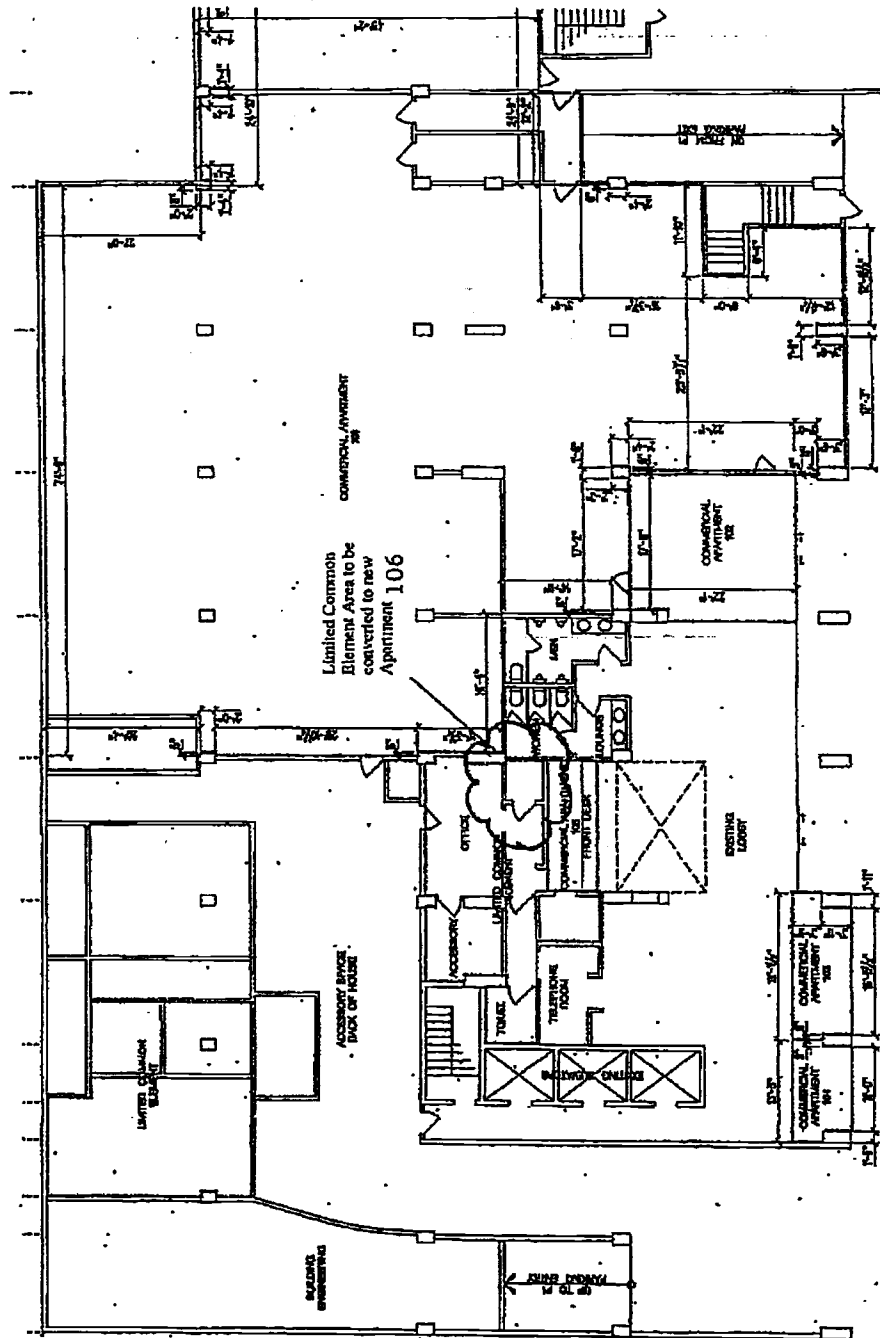
| APT NO. | TCT NO. | DEED DOC NO. | DATE RECD  | TCT NO. | TCT NO. | DEED DOC NO. | DATE RECD  |
|---------|---------|--------------|------------|---------|---------|--------------|------------|
| 601     | 771,443 | 3330615      | 9/23/2005  | 801     | 766,280 | 3316139      | 8/23/2005  |
| 602     | 755,098 | 3286852      | 6/24/2005  | 802     | 778,992 | 3352780      | 11/9/2005  |
| 603     | 768,735 | 3322931      | 9/7/2005   | 803     | 808,137 | 3437465      | 6/7/2006   |
| 604     | 890,054 | 3685375      | 12/24/2007 | 804     | 893,059 | 3704940      | 1/24/2008  |
| 605     | 768,260 | 3321670      | 9/2/2005   | 805     | 798,347 | 3407104      | 3/22/2006  |
| 606     | 846,689 | 3564407      | 2/23/2007  | 806     | 835,659 | 3520441      | 11/30/2006 |
| 607     | 901,323 | 3728287      | 3/31/2008  | 807     | 780,190 | 3356056      | 11/17/2005 |
| 609     | 805,722 | 3430491      | 5/19/2006  | 808     | 898,875 | 3715402      | 2/26/2008  |
| 610     | 767,660 | 3319835      | 8/30/2005  | 809     | 806,618 | 3438327      | 6/9/2006   |
| 611     | 768,262 | 3321675      | 9/2/2005   | 810     | 891,627 | 3700591      | 1/10/2008  |
| 612     | 767,830 | 3320410      | 8/31/2005  | 811     | 847,029 | 3565464      | 2/26/2007  |
| 614     | 770,357 | 3327376      | 9/16/2005  | 812     | 748,054 | 3266836      | 5/11/2005  |
| 615     | 771,444 | 3330617      | 9/23/2005  | 814     | 785,530 | 3313871      | 8/17/2005  |
| 616     | 768,264 | 3321681      | 9/2/2005   | 815     | 773,188 | 3334966      | 9/30/2005  |
| 617     | 768,070 | 3321207      | 9/1/2005   | 816     | 877,785 | 3658779      | 9/21/2007  |
| 618     | 768,982 | 3317842      | 8/25/2005  | 817     | 815,241 | 3457750      | 7/25/2006  |
| 619     | 768,261 | 3321672      | 8/2/2005   | 818     | 873,095 | 3645405      | 8/22/2007  |
| 620     | 772,077 | 3332261      | 8/27/2005  | 819     | 767,829 | 3320407      | 8/31/2005  |
| 621     | 846,158 | 3562630      | 2/20/2007  | 820     | 819,518 | 3471166      | 8/23/2006  |
| 622     | 768,263 | 3321678      | 9/2/2005   | 821     | 767,425 | 3319030      | 8/29/2005  |
| 623     | 879,959 | 3665427      | 10/8/2007  | 822     | 768,739 | 3322941      | 9/7/2005   |
| 624     | 779,927 | 3355360      | 11/16/2005 | 823     | 768,854 | 3323338      | 9/8/2005   |
| 625     | 771,478 | 3330702      | 9/23/2005  | 824     | 733,196 | 3224397      | 1/28/2005  |
| 627     | 768,037 | 3321112      | 9/1/2005   | 825     | 767,191 | 3318472      | 8/26/2005  |
| 629     | 772,076 | 3332259      | 9/27/2005  | 827     | 760,181 | 3299798      | 7/19/2005  |
| 701     | 773,955 | 3337322      | 10/8/2005  | 829     | 781,998 | 3361306      | 11/30/2005 |
| 702     | 768,981 | 3317838      | 8/25/2005  | 901     | 908,840 | 3750763      | 5/22/2008  |
| 703     | 768,853 | 3323337      | 9/8/2005   | 902     | 766,049 | 3315388      | 8/22/2005  |
| 704     | 766,281 | 3316142      | 8/23/2005  | 903     | 807,100 | 3434260      | 5/30/2006  |
| 705     | 767,827 | 3320403      | 8/31/2005  | 904     | 850,791 | 3578207      | 3/23/2007  |
| 706     | 768,359 | 3321983      | 9/8/2005   | 905     | 766,279 | 3316137      | 8/23/2005  |
| 707     | 735,536 | 3232194      | 2/18/2005  | 906     | 828,445 | 3497733      | 10/13/2006 |
| 708     | 765,601 | 3316900      | 8/24/2005  | 907     | 832,723 | 3511396      | 11/9/2006  |
| 709     | 807,252 | 3434737      | 5/31/2006  | 908     | 768,362 | 3321990      | 9/6/2005   |
| 710     | 767,161 | 3318378      | 8/26/2005  | 909     | 765,217 | 3313000      | 8/16/2005  |
| 711     | 765,528 | 3313866      | 8/17/2005  | 910     | 836,544 | 3522702      | 12/5/2006  |
| 712     | 769,122 | 3324118      | 9/9/2005   | 911     | 771,964 | 3331853      | 10/13/2005 |
| 714     | 766,602 | 3318904      | 8/24/2005  | 912     | 765,529 | 3313868      | 8/17/2005  |
| 715     | 904,860 | 3738437      | 4/23/2008  | 914     | 742,875 | 3252559      | 4/12/2005  |
| 716     | 826,321 | 3481412      | 10/2/2006  | 915     | 851,636 | 3581815      | 3/30/2007  |
| 717     | 815,664 | 3458970      | 7/27/2006  | 916     | 784,489 | 3368318      | 12/16/2005 |
| 718     | 767,828 | 3320405      | 8/31/2005  | 917     | 816,018 | 3460069      | 7/31/2006  |
| 719     | 760,187 | 3299788      | 7/19/2005  | 918     | 891,701 | 3700750      | 1/11/2008  |
| 720     | 767,826 | 3320400      | 8/31/2005  | 919     | 739,782 | 3244538      | 3/23/2005  |
| 721     | 767,162 | 3318381      | 8/26/2006  | 920     | 765,521 | 3313848      | 8/17/2005  |
| 722     | 766,980 | 3317834      | 8/25/2005  | 921     | 829,252 | 3500936      | 10/19/2006 |
| 723     | 767,424 | 3319028      | 8/29/2005  | 922     | 745,962 | 3260280      | 4/28/2005  |
| 724     | 767,426 | 3319032      | 8/29/2005  | 923     | 767,862 | 3319841      | 8/30/2005  |
| 725     | 774,347 | 3338482      | 10/10/2005 | 924     | 774,163 | 3338005      | 10/7/2005  |
| 727     | 767,825 | 3320397      | 8/31/2005  | 925     | 760,195 | 3298807      | 7/19/2005  |
| 729     | 815,465 | 3769744      | 7/16/2008  | 927     | 827,974 | 3496180      | 10/11/2006 |
|         |         |              |            |         |         |              |            |
|         |         |              |            |         |         |              |            |
|         |         |              |            |         |         |              |            |



**THE PALMS**  
**Condo Map No. 1674**

| APT NO. | TCT NO. | DEED DOC NO. | DATE RECD  | TCT NO. | TCT NO. | DEED DOC NO. | DATE RECD  |
|---------|---------|--------------|------------|---------|---------|--------------|------------|
| 1001    | 762,886 | 3306968      | 8/2/2005   | 1201    | 832,722 | 3511393      | 11/8/2006  |
| 1002    | 763,405 | 3308534      | 8/5/2005   | 1202    | 878,104 | 3659581      | 9/24/2007  |
| 1003    | 806,262 | 3432061      | 5/23/2006  | 1203    | 839,706 | 3534403      | 12/28/2006 |
| 1004    | 762,884 | 3308961      | 8/2/2005   | 1204    | 835,799 | 3520888      | 11/30/2006 |
| 1005    | 739,833 | 3244668      | 3/23/2005  | 1205    | 839,707 | 3534405      | 12/29/2006 |
| 1006    | 765,484 | 3313774      | 8/17/2005  | 1207    | 870,073 | 3636870      | 8/2/2007   |
| 1007    | 762,589 | 3308235      | 8/1/2005   | 1208    | 589,819 | 2731977      | 8/24/2001  |
| 1008    | 891,665 | 3700926      | 1/11/2008  | 1209    | 589,819 | 2731977      | 8/24/2001  |
| 1009    | 762,587 | 3308231      | 8/1/2005   | 1210    | 589,819 | 2731977      | 8/24/2001  |
| 1010    | 762,885 | 3306965      | 8/2/2005   |         |         |              |            |
| 1011    | 763,000 | 3307459      | 8/3/2005   |         |         |              |            |
| 1012    | 880,834 | 3667924      | 10/12/2007 |         |         |              |            |
| 1014    | 762,883 | 3306957      | 8/2/2005   |         |         |              |            |
| 1015    | 763,406 | 3308538      | 8/5/2005   |         |         |              |            |
| 1016    | 763,407 | 3308541      | 8/5/2005   |         |         |              |            |
| 1017    | 890,382 | 3696511      | 12/28/2007 |         |         |              |            |
| 1018    | 761,343 | 3302607      | 7/25/2005  |         |         |              |            |
| 1019    | 744,816 | 3257217      | 4/22/2005  |         |         |              |            |
| 1020    | 767,871 | 3320526      | 8/31/2005  |         |         |              |            |
| 1021    | 857,634 | 3599101      | 5/9/2007   |         |         |              |            |
| 1022    | 730,524 | 3214202      | 1/5/2005   |         |         |              |            |
| 1023    | 827,784 | 3495467      | 10/10/2008 |         |         |              |            |
| 1024    | 750,421 | 3273817      | 5/27/2005  |         |         |              |            |
| 1025    | 818,732 | 3468705      | 8/17/2006  |         |         |              |            |
| 1027    | 763,417 | 3308583      | 8/5/2005   |         |         |              |            |
| 1029    | 763,404 | 3308530      | 8/5/2005   |         |         |              |            |
| 1101    | 817,496 | 3464274      | 8/8/2006   |         |         |              |            |
| 1102    | 773,187 | 3334964      | 9/30/2005  |         |         |              |            |
| 1103    | 783,881 | 3366813      | 12/14/2005 |         |         |              |            |
| 1104    | 807,968 | 3436877      | 6/6/2006   |         |         |              |            |
| 1105    | 865,241 | 3621691      | 6/29/2007  |         |         |              |            |
| 1106    | 855,497 | 3592441      | 4/24/2007  |         |         |              |            |
| 1107    | 826,322 | 3491415      | 10/2/2006  |         |         |              |            |
| 1108    | 773,189 | 3334968      | 9/30/2005  |         |         |              |            |
| 1109    | 783,889 | 3368828      | 12/14/2005 |         |         |              |            |
| 1110    | 782,001 | 3361311      | 11/30/2005 |         |         |              |            |
| 1111    | 793,162 | 3392980      | 2/16/2006  |         |         |              |            |
| 1112    | 782,350 | 3362430      | 12/20/2005 |         |         |              |            |
| 1114    | 780,717 | 3357395      | 11/21/2005 |         |         |              |            |
| 1115    | 733,198 | 3224401      | 1/28/2005  |         |         |              |            |
| 1116    | 781,159 | 3358636      | 11/23/2005 |         |         |              |            |
| 1117    | 857,996 | 3600806      | 5/11/2007  |         |         |              |            |
| 1118    | 776,498 | 3344545      | 10/24/2005 |         |         |              |            |
| 1119    | 782,006 | 3361323      | 11/30/2005 |         |         |              |            |
| 1120    | 780,447 | 3356728      | 11/18/2005 |         |         |              |            |
| 1121    | 781,897 | 3361304      | 11/30/2005 |         |         |              |            |
| 1122    | 816,491 | 3462878      | 8/4/2006   |         |         |              |            |
| 1123    | 772,838 | 3333932      | 9/29/2005  |         |         |              |            |
| 1124    | 870,176 | 3637255      | 8/2/2007   |         |         |              |            |
| 1125    | 731,080 | 3216206      | 1/11/2005  |         |         |              |            |
| 1127    | 786,059 | 3372527      | 12/28/2005 |         |         |              |            |

DEPICTION OF LIMITED COMMON ELEMENT AREA TO BE CONVERTED TO A NEW APARTMENT



**EXHIBIT "A"**  
**(Page 1 of 1)**

**OFFICE OF THE  
ASSISTANT REGISTRAR, LAND COURT  
STATE OF HAWAII  
(Bureau of Conveyances)**

The original of this document was  
recorded as follows:

**DOCUMENT I**

**DATE** \_\_\_\_\_

Doc 4085293  
CTN 796,023 & 796,749  
JUL 12, 2011 02:00 PM

LAND COURT SYSTEM

REGULAR SYSTEM

AFTER RECORDATION: RETURN BY MAIL ( ) PICK UP ( )

Vernon Y.T. Woo, Esq.  
201 Merchant Street, Suite 2302  
Honolulu, Hawaii 96813

Total Pages: \_\_\_\_\_

(108) 529-8822

Tax Map Key No. (1) 2-6-012: 003 CPR Nos. 6 and 7

**AMENDMENT TO PALMS AT WAIKIKI DECLARATION OF CONDOMINIUM PROPERTY REGIME  
AND APARTMENT DEEDS  
(Apartments M101 and 202; Parking Stalls 11 and 12)**

WHEREAS, by way of that certain Declaration of Condominium Property Regime of Palms at Waikiki dated May 11, 2004, recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 3182364, and duly noted on Land Court Certificate of Title No. 589,819 ("Declaration"), LAEROC WAIKIKI PARKSIDE, LLC, a Hawaii limited liability company ("Developer"), established the "PALMS AT WAIKIKI" condominium project ("Project"), pursuant to Chapter 514A, Hawaii Revised Statutes, as amended; and

WHEREAS, said Declaration has been amended by various parking stall amendments of record, that certain Amendment to Declaration of Condominium Property Regime dated December 15, 2004, recorded in said Office as Document No. 3211732, that certain Amendment to Palms at Waikiki Declaration of Condominium Property Regime and Apartment Deed dated July 13, 2006, recorded in said Office as Document No. 3456695, that certain Amendment to Declaration of Condominium Property Regime dated January 8, 2007, recorded in said Office as Document No. 3541705, that certain Second Amendment to Declaration of Condominium Property Regime Palms at Waikiki and Partial Assignment of Developer's Reserved Right to Redesignate Limited Common Element Areas dated July 15, 2008, recorded in said Office as Document No. 3775534; and that certain Third Amendment to Declaration of Condominium Property Regime Palms at Waikiki dated July 15, 2008, recorded in said Office as Document No. 3775535; and

WHEREAS, Parking Stalls 11 and 12 (collectively, "Parking Stalls"), as shown on the plans of the Project filed in said Office as Condominium Map No. 1674, as the same may hereafter be amended from time to time ("Condominium Map"), are currently limited common elements appurtenant solely to Apartment M101 of the Project; and

WHEREAS, PAULIN GROUP, LLC, a California limited liability company, is the fee simple owner of Apartment M101 of the Project ("Apartment M101 Owner"), by way of that certain Apartment Deed, Encumbrances

and Reservation of Rights with Power of Attorney dated March 3, 2006, recorded in said Office as Document No. 3400538, and duly noted on Land Court Certificate of Title No. 796,023 ("Apartment M101 Deed"); and

**WHEREAS, FLORIDA MARIE PAULIN**, wife of Michael Vincent Paulin, and **BASILISA LLANTADA ALCANTRA**, single, are the owners of Apartment 202 of the Project (collectively, "Apartment 202 Owner"), by way of that certain Apartment Deed, Encumbrances and Reservation of Rights with Power of Attorney dated March 9, 2006, recorded in said Office as Document No. 3402729, and duly noted on Land Court Certificate of Title No. 796,749 ("Apartment 202 Deed"); and

**WHEREAS**, pursuant to Hawaii Revised Statutes Section 514A-14, as amended, apartment owners have the right to change the designation of parking stalls which are appurtenant to their respective apartments by amendment of the declaration condominium property regime and the respective apartment deeds involved, signed and approved only by the owners of the apartments whose parking stalls are being changed and their respective mortgagees, if any; and

**WHEREAS**, Apartment M101 Owner and Apartment 202 Owner desire to change the designation of the Parking Stalls from being limited common elements appurtenant solely to said Apartment M101, to being limited common elements appurtenant solely to said Apartment 202 ("Transfer"); and

**WHEREAS**, said Apartment M101 and said Apartment 202 are not encumbered by any mortgages;

**NOW, THEREFORE**, in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00), and other good and valuable consideration to Apartment M101 Owner paid by Apartment 202 Owner, receipt whereof is hereby acknowledged, Apartment M101 Owner and Apartment 202 Owner do hereby amend the Declaration, the Apartment M101 Deed and the Apartment 202 Deed, pursuant to Hawaii Revised Statutes Section 514A-14, as amended, to effectuate and reflect the Transfer, effective as of the date of recordation of this Amendment in said Office.

**AND** the Declaration, the Apartment M101 Deed and the Apartment 202 Deed, as amended herein, are hereby confirmed and ratified.

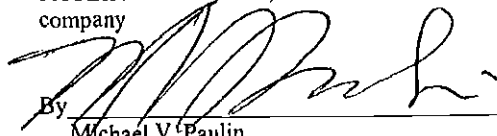
**AND** in all other respects, the Declaration, the Apartment M101 Deed and the Apartment 202 Deed shall remain unchanged and in full force and effect.

The parties hereto agree that this instrument may be executed in counterparts, each of which shall be deemed an original, and said counterparts shall together constitute one and the same instrument, binding upon all of the parties hereto, notwithstanding all of the parties are not signatory to the original or the same counterparts. For all purposes, including, without limitation, recordation, filing and delivery of this instrument, duplicate unexecuted and unacknowledged pages of the counterparts may be discarded and the remaining pages assembled as one document.

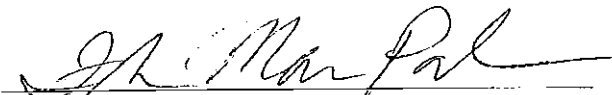
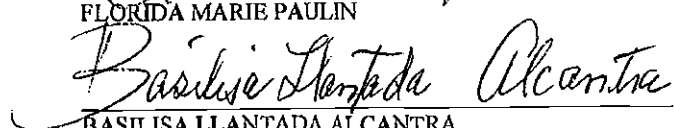
(The remainder of this page is intentionally left blank.)

June IN WITNESS WHEREOF, the undersigned has executed this Amendment this 21st day of

PAULIN GROUP, LLC, a California limited liability company

By   
Michael V. Paulin  
Its Manager

"Apartment M101 Owner"

  
FLORIDA MARIE PAULIN  
  
BASILISA LLANTADA ALCANTRA

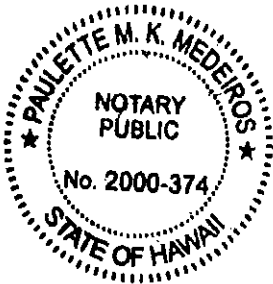
"Apartment 202 Owner"

STATE OF HAWAII

CITY AND COUNTY OF HONOLULU

SS:

On this 24<sup>th</sup> day of June, 2011, before me appeared MICHAEL V. PAULIN, to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable, in the capacities shown, having been duly authorized to execute such instrument in such capacities.



(Official Stamp or Seal)

Name: Paulette M.K. Medeiros  
Notary Public, in and for said State  
My commission expires: July 30, 2012

**NOTARY CERTIFICATION STATEMENT**

Document Identification or Description: AMENDMENT TO PALMS AT  
WAIKIKI DECLARATION OF CONDOMINIUM PROPERTY REGIME  
AND APARTMENT DEEDS

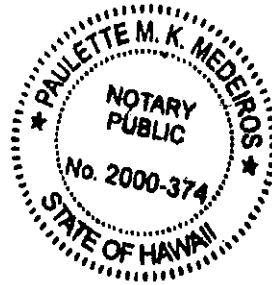
☒ Document Date: 6/21/2011 or ☐ Undated at time of notarization.

No. of Pages: 6 Jurisdiction: 1<sup>st</sup> Circuit  
(in which notarial act is performed)

Signature of Notary

6/21/2011  
Date of Notarization and  
Certification Statement

Paulette M.K. Medeiros  
Printed Name of Notary



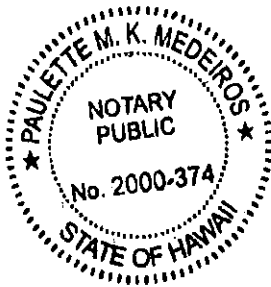
(Official Stamp or Seal)

STATE OF HAWAII

CITY AND COUNTY OF HONOLULU

SS:

On this 24 day of June, 2011, before me appeared FLORIDA MARIE PAULIN, to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable, in the capacities shown, having been duly authorized to execute such instrument in such capacities.



Paulette M. K. Medeiros  
Name: Paulette M. K. Medeiros  
Notary Public, in and for said State  
My commission expires: July 30, 2012

(Official Stamp or Seal)

**NOTARY CERTIFICATION STATEMENT**

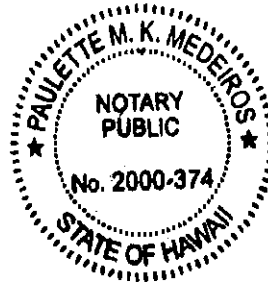
Document Identification or Description: AMENDMENT TO PALMS AT WAIKIKI DECLARATION OF CONDOMINIUM PROPERTY REGIME AND APARTMENT DEEDS

☒ Document Date: 6/21/2011 or ☐ Undated at time of notarization.

No. of Pages: 6 Jurisdiction: 1st Circuit  
(in which notarial act is performed)

Paulette M. K. Medeiros  
Signature of Notary

6/21/2011  
Date of Notarization and  
Certification Statement



Paulette M. K. Medeiros  
Printed Name of Notary

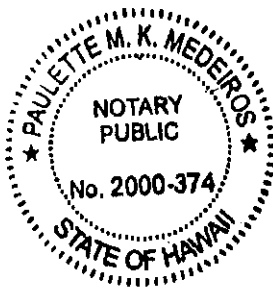
(Official Stamp or Seal)

STATE OF HAWAII

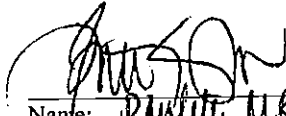
CITY AND COUNTY OF HONOLULU

SS:

On this 21<sup>st</sup> day of June, 2011, before me appeared BASILISA LLANTADA ALCANTRA, to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable, in the capacities shown, having been duly authorized to execute such instrument in such capacities.



(Official Stamp or Seal)


  
Name: Paulette M. K. Medeiros  
Notary Public, in and for said State  
My commission expires: July 30, 2012

**NOTARY CERTIFICATION STATEMENT**

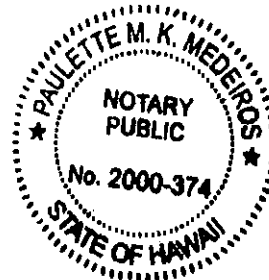
Document Identification or Description: AMENDMENT TO PALMS AT WAIKIKI DECLARATION OF CONDOMINIUM PROPERTY REGIME AND APARTMENT DEEDS

☒ Document Date: 6/21/2011 or ☐ Undated at time of notarization.

No. of Pages: 6 Jurisdiction: 1<sup>st</sup> Circuit  
(in which notarial act is performed)

  
Signature of Notary Date of Notarization and Certification Statement: 6/21/2011

Paulette M. K. Medeiros  
Printed Name of Notary



(Official Stamp or Seal)



LAND COURT SYSTEM

REGULAR SYSTEM

AFTER RECORDATION: RETURN BY MAIL ( ) PICK UP ( )

*Verum Wro, LLC, LLC*  
*201 Merchant St. Ste 2302*  
*Hon, HI 96813 (808) 529-8822*

TMK No. (1) 2-6-012:003 CPR No. 7

Total Pages: 6

**PETITION OF FLORIDA MARIE PAULIN  
FOR AMENDMENT OF LAND COURT CERTIFICATE(S)  
OF TITLE NO(S). 796,749 and ORDER**

IN THE LAND COURT OF THE STATE OF HAWAII

In the Matter of the Application of

Bishop Trust Company, Limited, Trustee

to register and confirm title to land situate  
at Kalia, District of Honolulu, City and  
County of Honolulu, State of Hawaii.

1 L. D. CASE NO. 11-1-2235

Land Court Application No. 852

KATHLEEN HANAWAHI  
REGISTRAR

2011 JUL 12 AM 10:39

LAND COURT  
STATE OF HAWAII  
FILED

**PETITION OF FLORIDA MARIE PAULIN  
FOR AMENDMENT OF LAND COURT CERTIFICATE(S)  
OF TITLE NO(S). 796,749 and ORDER**

**COMES NOW, FLORIDA MARIE PAULIN**, party in interest, and respectfully prays for  
an amendment of Land Court Certificate(s) of Title No(s). 796,749 to show the following facts:

1. The marriage of MICHAEL VINCENT PAULIN and FLORIDA MARIE SHERRELL on September 30, 2006, in San Francisco, California, as evidenced by the certified copy of that certain License and Certificate of Marriage attached hereto and made a part hereof. (Return of said certified copy is hereby requested upon the substitution of a photocopy therefor.)
2. The assumption by said Florida Marie Sherrell of the name, Florida Marie Paulin, as evidenced by that certain Affidavit of Florida Marie Paulin attached hereto and made a part hereof.

(The remainder of this page is intentionally left blank.)

PETITION OF FLORIDA MARIE PAULIN FOR AMENDMENT OF LAND COURT  
CERTIFICATE(S) OF TITLE NO(S). 796,749 and ORDER

A TRUE COPY, ATTEST WITH  
THE SEAL OF SAID COURT.  
TRACIANN SHIMABUKURO  
Clerk

**AFFIDAVIT OF FLORIDA MARIE PAULIN**

STATE OF HAWAII

SS:

CITY AND COUNTY OF HONOLULU

FLORIDA MARIE PAULIN, being first duly sworn on oath, deposes and says:

1. Affiant, formerly known as Florida Marie Sherrell, was married to Michael Vincent Paulin on September 30, 2006, in San Francisco, California;

2. Affiant has assumed the name FLORIDA MARIE PAULIN, as evidenced by that certain State of Hawaii Driver's License No. H00244011 with expiration date of 1/30/2013 attached hereto; and

3. Affiant's current full and correct name is FLORIDA MARIE PAULIN.

Further affiant sayeth naught.

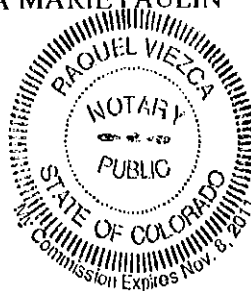
DATED: July 1, 2011.

[Signature]

FLORIDA MARIE PAULIN

Subscribed and sworn to before me  
this 1<sup>st</sup> day of July, 2011.

[Signature]  
Print Name: Raquel Vizeca  
Notary Public, State of ~~Hawaii~~ Colorado  
My commission expires: Nov 8 2011



(Official Stamp or Seal)

**NOTARY CERTIFICATION STATEMENT**

Document Identification or Description: AFFIDAVIT OF FLORIDA MARIE PAULIN

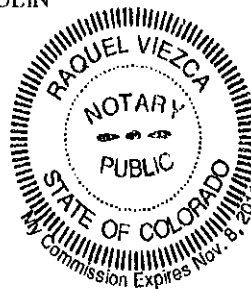
Document Date: July 1<sup>st</sup> 2011 or ☐ Undated at time of notarization.

No. of Pages: 1 Jurisdiction: Griffith Circuit  
(in which notarial act is performed)

[Signature]  
Signature of Notary

Date of Notarization and  
Certification Statement

Raquel Vizeca  
Printed Name of Notary



(Official Stamp or Seal)

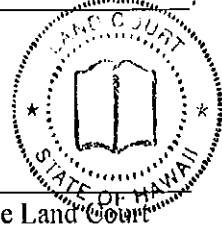
ORDER

Upon the record and the evidence herein, the prayer of the petition is hereby granted and the Registrar of this Court is so ordered.

Dated: Honolulu, Hawaii, JUL 12 2011

KATHLEEN HANAWAHINE

Registrar for the Judge of the Land Court



PETITION OF FLORIDA MARIE PAULIN FOR AMENDMENT OF LAND COURT  
CERTIFICATE(S) OF TITLE NO(S). 796,749 and ORDER

ATTACHMENTS OR EXHIBITS

ATTACHMENTS OR EXHIBITS

# AOAO Palms at Waikiki

## Financial Statement

# May 2015

Prepared By

**AQUA®**  
HOTELS AND RESORTS

Pending Audit and Review of a Certified Public Accountant

# AOAO Palms at Waikiki

Page: 1

## Balance Sheet

As of 05/31/15

| Account Description                     | Operating         | Reserves          | Other      | Totals              |
|-----------------------------------------|-------------------|-------------------|------------|---------------------|
| <b>ASSETS</b>                           |                   |                   |            |                     |
| <b>CURRENT ASSETS</b>                   |                   |                   |            |                     |
| Mutual Of Omaha Bank-Operating          | 155,140.09        |                   |            | 155,140.09          |
| Cash Checking Pending Transfer          | (20,388.97)       |                   |            | (20,388.97)         |
| <b>Total Cash &amp; Mkt. Securities</b> | <b>134,751.12</b> | <b>.00</b>        | <b>.00</b> | <b>134,751.12</b>   |
| <b>Reserves</b>                         |                   |                   |            |                     |
| MOOB-Insured Cash Sweep Acct            |                   | 356,950.48        |            | 356,950.48          |
| Mutual Of Omaha Bank-Reserves           |                   | 139,154.50        |            | 139,154.50          |
| MOOB-CDARS Reserve Account              |                   | 300,999.06        |            | 300,999.06          |
| MOOB-Certificates of Deposit            |                   | 101,691.78        |            | 101,691.78          |
| Cash Savings Pending Transfer           |                   | 20,388.97         |            | 20,388.97           |
| <b>Total Cash Reserves</b>              | <b>.00</b>        | <b>919,184.79</b> | <b>.00</b> | <b>919,184.79</b>   |
| <b>Total Cash &amp; Reserves</b>        | <b>134,751.12</b> | <b>919,184.79</b> | <b>.00</b> | <b>1,053,935.91</b> |
| <b>Receivables</b>                      |                   |                   |            |                     |
| Owner Receivable                        | 453.09            |                   |            | 453.09              |
| Late Fees Receivable                    | 22.20             |                   |            | 22.20               |
| Owner Admin. Fees Receiv.               | 10.00             |                   |            | 10.00               |
| Owner Interest Receivable               | 90.21             |                   |            | 90.21               |
| Accounts Receivable-Other               | 7,875.79          |                   |            | 7,875.79            |
| <b>Total Receivables</b>                | <b>8,451.29</b>   | <b>.00</b>        | <b>.00</b> | <b>8,451.29</b>     |
| <b>OTHER ASSETS</b>                     |                   |                   |            |                     |
| Prepaid Expenses-General                | 5,567.52          |                   |            | 5,567.52            |
| Prepaid Insurance                       | 43,382.79         |                   |            | 43,382.79           |
| <b>Total Other Assets</b>               | <b>48,950.31</b>  | <b>.00</b>        | <b>.00</b> | <b>48,950.31</b>    |
| <b>TOTAL ASSETS</b>                     | <b>192,152.72</b> | <b>919,184.79</b> | <b>.00</b> | <b>1,111,337.51</b> |
| =====                                   | =====             | =====             | =====      | =====               |

# AOAO Palms at Waikiki

Page: 2

## Balance Sheet

As of 05/31/15

| Account Description             | Operating  | Reserves   | Other | Totals       |
|---------------------------------|------------|------------|-------|--------------|
| LIABILITIES & EQUITY            |            |            |       |              |
| CURRENT LIABILITIES:            |            |            |       |              |
| Accounts Payable                | 119,114.73 |            |       | 119,114.73   |
| Due to/ From Aqua Palms Hotel   | (6,526.70) |            |       | (6,526.70)   |
| General Excise Taxes Collected  | 160.10     |            |       | 160.10       |
| Accrued Audit Fees              | 531.38     |            |       | 531.38       |
| Accrued Other                   | 4,504.94   |            |       | 4,504.94     |
| Accrued Utilities               | 22,324.39  |            |       | 22,324.39    |
| Advance Owner Payments          | 16,209.10  |            |       | 16,209.10    |
| Subtotal Current Liab.          | 156,317.94 | .00        | .00   | 156,317.94   |
| EQUITY:                         |            |            |       |              |
| Prior Year Net Surplus(Deficit) | 393,898.07 |            |       | 393,898.07   |
| Start-Up Assessments            |            | 173,379.74 |       | 173,379.74   |
| Start-Up Reserves               |            | 266,000.00 |       | 266,000.00   |
| Current Net Surplus/(Deficit)   | 16,664.56  | 105,077.20 | .00   | 121,741.76   |
| Subtotal Equity                 | 410,562.63 | 544,456.94 | .00   | 955,019.57   |
| TOTAL LIABILITIES & EQUITY      | 566,880.57 | 544,456.94 | .00   | 1,111,337.51 |
|                                 | =====      | =====      | ===== | =====        |



# AOAO Palms at Waikiki

Page: 1

## Income and Expense Statement

Period: 05/01/15 to 05/31/15

| Description                       | Current Period |            |            | Year-To-Date |            |            | Yearly       |
|-----------------------------------|----------------|------------|------------|--------------|------------|------------|--------------|
|                                   | Actual         | Budget     | Variance   | Actual       | Budget     | Variance   | Budget       |
| REVENUES                          |                |            |            |              |            |            |              |
| Maintenance Fees                  | 114,723.00     | 114,741.00 | (18.00)    | 573,615.00   | 573,705.00 | (90.00)    | 1,376,896.00 |
| Late Fee Income                   | 25.00          | 52.00      | (27.00)    | 90.30        | 260.00     | (169.70)   | 625.00       |
| Owner Admin. Fees Income          | .00            | .00        | .00        | 50.00        | .00        | 50.00      | .00          |
| Owner Interest Income             | 10.50          | 56.00      | (45.50)    | 194.19       | 280.00     | (85.81)    | 668.00       |
| Interest Earned Reserve Acct      | 97.25          | 231.00     | (133.75)   | 444.31       | 1,155.00   | (710.69)   | 2,768.00     |
| Space Rental                      | 1,678.01       | 1,678.00   | .01        | 8,390.03     | 8,390.00   | .03        | 20,136.00    |
| Long Dist Telephone Revenue       | .00            | 157.00     | (157.00)   | 448.39       | 785.00     | (336.61)   | 1,881.00     |
| Vending Income                    | .00            | 181.00     | (181.00)   | 665.36       | 905.00     | (239.64)   | 2,166.00     |
| Laundry Income                    | 1,724.76       | 2,331.00   | (606.24)   | 8,464.28     | 11,655.00  | (3,190.72) | 27,975.00    |
| Interest Income                   | 13.14          | 13.00      | .14        | 62.84        | 65.00      | (2.16)     | 152.00       |
| TOTAL REVENUES                    | 118,271.66     | 119,440.00 | (1,168.34) | 592,424.70   | 597,200.00 | (4,775.30) | 1,433,267.00 |
| EXPENSES                          |                |            |            |              |            |            |              |
| GENERAL & ADMINISTRATIVE EXPENSES |                |            |            |              |            |            |              |
| Management Fee                    | 4,118.00       | 4,118.00   | .00        | 20,590.00    | 20,590.00  | .00        | 49,421.00    |
| Accounting Fee                    | 1,849.00       | 1,849.00   | .00        | 9,245.00     | 9,245.00   | .00        | 22,189.00    |
| Audit Fees                        | 167.00         | 167.00     | .00        | 835.00       | 835.00     | .00        | 2,000.00     |
| Legal Fees                        | .00            | 581.08     | 581.08     | 442.93       | 2,905.40   | 2,462.47   | 6,973.00     |
| Prof Fees - Reserve Study         | 67.00          | 67.00      | .00        | 335.00       | 335.00     | .00        | 810.00       |
| Postage & Mail                    | .00            | 114.00     | 114.00     | 313.64       | 570.00     | 256.36     | 1,371.00     |
| Insurance                         | 8,934.25       | 9,700.00   | 765.75     | 44,671.25    | 48,500.00  | 3,828.75   | 116,401.00   |
| Office Equipment & Supplies       | .00            | 77.00      | 77.00      | 493.69       | 385.00     | (108.69)   | 924.00       |
| Meetings                          | .00            | 42.00      | 42.00      | 395.94       | 210.00     | (185.94)   | 500.00       |
| GET - General Excise Tax          | 159.69         | 239.00     | 79.31      | 876.45       | 1,195.00   | 318.55     | 2,862.00     |
| Licenses & Fees                   | 2,740.00       | 186.00     | (2,554.00) | 2,740.00     | 930.00     | (1,810.00) | 2,237.00     |
| Total G & A Expenses              | 18,034.94      | 17,140.08  | (894.86)   | 80,938.90    | 85,700.40  | 4,761.50   | 205,688.00   |
| PAYROLL & BENEFITS                |                |            |            |              |            |            |              |
| Administrative Salary             | 5,332.00       | 5,332.00   | .00        | 26,660.00    | 26,660.00  | .00        | 64,784.00    |
| Maintenance Handyman Salary       | 14,139.00      | 14,139.00  | .00        | 70,695.00    | 70,695.00  | .00        | 171,789.00   |
| Janitorial / Utility Salary       | 10,869.00      | 10,869.00  | .00        | 54,345.00    | 54,345.00  | .00        | 132,058.00   |
| Security Services                 | 4,734.66       | 5,408.00   | 673.34     | 24,501.11    | 27,040.00  | 2,538.89   | 64,898.00    |
| Total Payroll & Benefits          | 35,074.66      | 35,748.00  | 673.34     | 176,201.11   | 178,740.00 | 2,538.89   | 433,529.00   |

# AOAO Palms at Waikiki

Page: 2

## Income and Expense Statement

Period: 05/01/15 to 05/31/15

| Description                 | Current Period |           |            | Year-To-Date |            |            | Yearly     |
|-----------------------------|----------------|-----------|------------|--------------|------------|------------|------------|
|                             | Actual         | Budget    | Variance   | Actual       | Budget     | Variance   | Budget     |
| UTILITIES                   |                |           |            |              |            |            |            |
| Electricity                 | 31,548.32      | 32,237.00 | 688.68     | 153,991.09   | 161,185.00 | 7,193.91   | 386,846.00 |
| Water                       | 4,606.94       | 3,611.00  | (995.94)   | 22,332.17    | 18,055.00  | (4,277.17) | 43,336.00  |
| Sewer                       | 9,695.82       | 8,750.00  | (945.82)   | 47,414.55    | 43,750.00  | (3,664.55) | 104,998.00 |
| Gas                         | 735.24         | 5,880.00  | 5,144.76   | 14,800.31    | 29,400.00  | 14,599.69  | 70,564.00  |
| Diesel Fuel                 | .00            | 50.00     | 50.00      | .00          | 250.00     | 250.00     | 600.00     |
| TV & Cable                  | 4,306.54       | 4,307.00  | .46        | 21,273.44    | 21,535.00  | 261.56     | 51,678.00  |
| Telephone Repairs           | 680.63         | 610.00    | (70.63)    | 3,120.42     | 3,050.00   | (70.42)    | 7,322.00   |
| Telephone Expense- Local    | 1,319.22       | 681.00    | (638.22)   | 3,478.38     | 3,405.00   | (73.38)    | 8,169.00   |
| Internet Website            | .00            | 96.00     | 96.00      | 539.70       | 480.00     | (59.70)    | 1,151.00   |
| Hi-speed Internet           | 1,171.95       | 1,196.00  | 24.05      | 5,896.57     | 5,980.00   | 83.43      | 14,349.00  |
| Total Utilities             | 54,064.66      | 57,418.00 | 3,353.34   | 272,846.63   | 287,090.00 | 14,243.37  | 689,013.00 |
| BUILDING MAINTENANCE        |                |           |            |              |            |            |            |
| Elevator Maintenance        | 1,100.00       | 1,331.00  | 231.00     | 6,632.47     | 6,655.00   | 22.53      | 15,977.00  |
| Lighting Repair & Supplies  | .00            | 500.00    | 500.00     | 946.80       | 2,500.00   | 1,553.20   | 6,000.00   |
| Life & Safety               | 891.63         | 904.00    | 12.37      | 3,586.50     | 4,520.00   | 933.50     | 10,845.00  |
| Gen. Maintenance & Repair   | .00            | 253.00    | 253.00     | 651.77       | 1,265.00   | 613.23     | 3,037.00   |
| Painting Supplies           | 204.19         | 290.00    | 85.81      | 1,084.82     | 1,450.00   | 365.18     | 3,479.00   |
| Pool Maintenance & Supplies | .00            | 167.00    | 167.00     | 860.96       | 835.00     | (25.96)    | 2,002.00   |
| Air Cond./Chiller Repair    | 1,247.54       | 1,142.00  | (105.54)   | 6,075.86     | 5,710.00   | (365.86)   | 13,709.00  |
| Ice Machine Repairs         | 142.83         | 83.00     | (59.83)    | 671.63       | 415.00     | (256.63)   | 997.00     |
| Window Cleaning             | .00            | 29.00     | 29.00      | .00          | 145.00     | 145.00     | 350.00     |
| Janitorial Supplies         | 531.89         | 750.00    | 218.31     | 3,030.20     | 3,750.00   | 719.80     | 8,998.00   |
| Laundry Expense             | 242.35         | 228.00    | (14.35)    | 1,045.41     | 1,140.00   | 94.59      | 2,734.00   |
| Maintenance Supplies        | .00            | 41.00     | 41.00      | 66.53        | 205.00     | 138.47     | 495.00     |
| Locks, Keys & Repairs       | 758.02         | 237.00    | (521.02)   | 1,290.23     | 1,185.00   | (105.23)   | 2,841.00   |
| Door Repairs                | 3,664.92       | 333.00    | (3,331.92) | 4,790.98     | 1,665.00   | (3,125.98) | 4,000.00   |
| Security Equip. Repairs     | .00            | 50.00     | 50.00      | .00          | 250.00     | 250.00     | 600.00     |
| Total Building Maintenance  | 8,783.17       | 6,338.00  | (2,445.17) | 30,734.16    | 31,690.00  | 955.84     | 76,064.00  |

## Page: 3

## Period: 05/01/15 to 05/31/15

| Description                          | Current Period     |                    |                   | Year-To-Date        |                     |                   | Yearly Budget       |
|--------------------------------------|--------------------|--------------------|-------------------|---------------------|---------------------|-------------------|---------------------|
|                                      | Actual             | Budget             | Variance          | Actual              | Budget              | Variance          |                     |
| <b>CONTRACT SERVICES</b>             |                    |                    |                   |                     |                     |                   |                     |
| Grounds Maint. & Landscaping         | .00                | 50.00              | 50.00             | 278.53              | 250.00              | (28.53)           | 600.00              |
| Chiller Maintenance                  | 2,085.13           | 1,149.00           | (936.13)          | 7,700.99            | 5,745.00            | (1,955.99)        | 13,788.00           |
| Utility Reimbursement                | (891.57)           | (1,213.00)         | (321.43)          | (4,944.65)          | (6,065.00)          | (1,120.35)        | (14,552.00)         |
| Trash and Refuse Removal             | 1,900.52           | 1,905.00           | 4.48              | 9,282.72            | 9,525.00            | 242.28            | 22,856.00           |
| Pest Control                         | 544.35             | 523.00             | (21.35)           | 2,721.75            | 2,615.00            | (106.75)          | 6,281.00            |
| <b>Total Contract Services</b>       | <b>3,638.43</b>    | <b>2,414.00</b>    | <b>(1,224.43)</b> | <b>15,039.34</b>    | <b>12,070.00</b>    | <b>(2,969.34)</b> | <b>28,973.00</b>    |
| <b>TOTAL EXPENSES</b>                | <b>119,595.86</b>  | <b>119,058.08</b>  | <b>(537.78)</b>   | <b>575,760.14</b>   | <b>595,290.40</b>   | <b>19,530.26</b>  | <b>1,433,267.00</b> |
| <b>Oper Net Before Capital Resrv</b> | <b>(1,324.20)</b>  | <b>381.92</b>      | <b>(1,706.12)</b> | <b>16,664.56</b>    | <b>1,909.60</b>     | <b>14,754.96</b>  | <b>.00</b>          |
| <b>CAPITAL EXPENSES</b>              |                    |                    |                   |                     |                     |                   |                     |
| Reserves Fees Collected              | (22,012.00)        | (22,012.00)        | .00               | (110,060.00)        | (110,060.00)        | .00               | (264,138.00)        |
| Resrve - Reseal,Strip & Repair       | .00                | 1,720.00           | 1,720.00          | .00                 | 8,600.00            | 8,600.00          | 20,637.00           |
| Reserves-Backflow Preventer 4"       | .00                | 687.00             | 687.00            | .00                 | 3,435.00            | 3,435.00          | 8,240.00            |
| Reserves-Spall Repairs-Cont.         | .00                | 6,438.00           | 6,438.00          | .00                 | 32,190.00           | 32,190.00         | 77,250.00           |
| Reserves - Door Operator Lobby       | .00                | 429.00             | 429.00            | .00                 | 2,145.00            | 2,145.00          | 5,150.00            |
| Resvs - Sec. Cameras-Monitors        | 445.02             | 481.00             | 35.98             | 445.02              | 2,405.00            | 1,959.98          | 5,768.00            |
| Reserves - Pool                      | .00                | 257.00             | 257.00            | .00                 | 1,285.00            | 1,285.00          | 3,090.00            |
| Reserves - Garage Concrete Ctg       | .00                | 549.00             | 549.00            | .00                 | 2,745.00            | 2,745.00          | 6,592.00            |
| Reserves-Fitness Equipment           | 900.00             | .00                | (900.00)          | 900.00              | .00                 | (900.00)          | .00                 |
| Reserves- Plumbing Annual Ctg        | .00                | 644.00             | 644.00            | 3,637.78            | 3,220.00            | (417.78)          | 7,725.00            |
| Reserves - Ext. Sufaces Paint        | .00                | 36,252.00          | 36,252.00         | .00                 | 181,260.00          | 181,260.00        | 435,023.00          |
| <b>Net Reserve Expenses</b>          | <b>(20,666.98)</b> | <b>25,445.00</b>   | <b>46,111.98</b>  | <b>(105,077.20)</b> | <b>127,225.00</b>   | <b>232,302.20</b> | <b>305,337.00</b>   |
| <b>Current Net Surplus/(Deficit)</b> | <b>19,342.78</b>   | <b>(25,063.08)</b> | <b>44,405.86</b>  | <b>121,741.76</b>   | <b>(125,315.40)</b> | <b>247,057.16</b> | <b>(305,337.00)</b> |

# AOAO Palms at Waikiki

Page: 1

## STATEMENT OF RESERVE ANALYSIS

Period: 05/01/15 to 05/31/15

| Description                    | Current Period |             |           | Year-To-Date |              |            | Yearly       |
|--------------------------------|----------------|-------------|-----------|--------------|--------------|------------|--------------|
|                                | Actual         | Budget      | Variance  | Actual       | Budget       | Variance   | Budget       |
| RESERVE FUNDING                |                |             |           |              |              |            |              |
| Reserves Fees Collected        | 22,012.00      | 22,012.00   | .00       | 110,060.00   | 110,060.00   | .00        | 264,138.00   |
|                                |                |             |           |              |              |            |              |
| Total Reserve Funding          | 22,012.00      | 22,012.00   | .00       | 110,060.00   | 110,060.00   | .00        | 264,138.00   |
| RESERVE PROJECTS               |                |             |           |              |              |            |              |
| Resrve - Reseal,Strip & Repair | .00            | 1,720.00    | 1,720.00  | .00          | 8,600.00     | 8,600.00   | 20,637.00    |
| Reserves-Backflow Preventer 4" | .00            | 687.00      | 687.00    | .00          | 3,435.00     | 3,435.00   | 8,240.00     |
| Reserves-Spall Repairs-Cont.   | .00            | 6,438.00    | 6,438.00  | .00          | 32,190.00    | 32,190.00  | 77,250.00    |
| Reserves - Door Operator Lobby | .00            | 429.00      | 429.00    | .00          | 2,145.00     | 2,145.00   | 5,150.00     |
| Resvs - Sec. Cameras-Monitors  | 445.02         | 481.00      | 35.98     | 445.02       | 2,405.00     | 1,959.98   | 5,768.00     |
| Reserves - Pool                | .00            | 257.00      | 257.00    | .00          | 1,285.00     | 1,285.00   | 3,090.00     |
| Reserves - Garage Concrete Ctg | .00            | 549.00      | 549.00    | .00          | 2,745.00     | 2,745.00   | 6,592.00     |
| Reserves-Fitness Equipment     | 900.00         | .00         | (900.00)  | 900.00       | .00          | (900.00)   | .00          |
| Reserves- Plumbing Annual Ctg  | .00            | 644.00      | 644.00    | 3,637.78     | 3,220.00     | (417.78)   | 7,725.00     |
| Reserves - Ext. Sufaces Paint  | .00            | 36,252.00   | 36,252.00 | .00          | 181,260.00   | 181,260.00 | 435,023.00   |
|                                |                |             |           |              |              |            |              |
| Total Reserve Projects         | 1,345.02       | 47,457.00   | 46,111.98 | 4,982.80     | 237,285.00   | 232,302.20 | 569,475.00   |
|                                |                |             |           |              |              |            |              |
| Total Reserve Surplus(Deficit  | 20,666.98      | (25,445.00) | 46,111.98 | 105,077.20   | (127,225.00) | 232,302.20 | (305,337.00) |

**ASSOCIATION OF APARTMENT OWNERS  
OF PALMS AT WAIKIKI**

**HOUSE RULES**

The primary purpose of these House Rules is to protect all Owners and occupants from annoyance and nuisance caused by improper use of the Apartments and Common Elements of Palms at Waikiki condominium project (the "Project"). The full authority and responsibility for enforcing these House Rules may be delegated to a Managing Agent by the Board. All Owners and occupants and their tenants, guests and visitors shall be bound by these House Rules and by standards of reasonable conduct whether covered by these House Rules or not; provided, however, that neither the Board nor the Managing Agent shall be responsible for any noncompliance or violation of these House Rules by said Owners, occupants, tenants, guests or visitors. These House Rules may be amended by the Board of the Association as provided in the Bylaws of the Association, and as provided herein at Article XI.

The terms used herein with initial capital letters shall have the meanings given to them in the Declaration of Condominium Property Regime of Palms at Waikiki, as the same may be amended from time to time (the "Declaration"), except as expressly otherwise provided herein.

If inconsistent with these House Rules, the Declaration and the Bylaws shall prevail.

**I. OCCUPANCY.**

1. **USE OF APARTMENTS.** All Apartments shall be occupied and used by the respective Owners thereof, their tenants, visitors and guests only for those purposes permitted under the Declaration. Hotel and commercial operations, and transient vacation rental use are expressly permitted in the Project. Such permitted uses include ingress and egress over the Common Elements of the Project.

2. **REGISTRATION REQUIRED.** All Owners are required to register themselves and their tenants (excluding hotel guests) with the Managing Agent. Such registration shall include contact information in the event of any emergency, including phone numbers, addresses and such other contact information as may be reasonably required for notice to the Owners, their tenants, relatives and physicians.

3. **PETS AND OTHER ANIMALS.** No pets or animals shall be allowed in any Apartment or in the Common Elements of the Project, except that visually impaired persons, hearing impaired persons and physically impaired persons shall be allowed to keep certified seeing-eye dogs, certified signal dogs and certified service dogs, respectively, in their Apartments. Further, nothing herein shall hinder access to the Apartments or other portions of the Project by physically-challenged persons.

4. **EQUAL RIGHTS OF ALL OWNERS.** All Owners and tenants of Apartments in the Project and those who are guests of such Owners and tenants, shall have the equal right to use, occupy and enjoy their respective Apartments and to utilize the Common Elements that are not also designated Limited Common Elements, except as otherwise permitted in the Declaration.

**II. TEMPORARY OCCUPANCY.**

1. **USE BY OWNER'S LESSEES, TENANTS AND GUESTS.** Subject to the terms of these House Rules, the Bylaws and the Declaration, an Owner may lease his Apartment, but the person or persons leasing, renting or occupying the Apartment shall abide by these House Rules, the Bylaws and the Declaration, and the Owner shall assume responsibility for the conduct of all occupants of his Apartment.

2. **CONDUCT OF OWNER'S LESSEES, TENANTS AND GUESTS.** An Apartment Owner shall be responsible for the conduct of its employees, agents, customers, lessees, tenants, visitors and guests, as appropriate, and shall, upon the request of the Board or the Managing Agent, immediately abate and remove, at said Owner's expense, any structure, thing or condition that may exist with regard to the occupancy of said Owner's Apartment by its employees, agents, customers, lessees, tenants, visitors or guests contrary to the intent and meaning of the provisions of these House Rules, the Bylaws and the Declaration; or, if the Owner is unable to control the conduct of said employees, agents, customers, lessees, tenants, visitors or guests to conform with the intent and meaning of the

provisions of these House Rules, the Bylaws and the Declaration, said Owner shall, upon request of the Board or Managing Agent, immediately remove such employees, agents, customers, lessees, tenants, visitors or guests from the Project premises, without compensation for lost rentals or income or any other damage resulting therefrom.

### **III. COMMON ELEMENTS, LIMITED COMMON ELEMENTS, ENTRANCES AND LANAIS.**

1. **PLANTS AND LANDSCAPING.** Unless growing in the ground within a Common Element or Limited Common Element of the Project, all plants shall be placed in containers so as to prevent the dripping of water or soil onto other Apartments or the Common Elements. None of the Project's landscaping is to be removed, picked or transplanted by any owner, tenant or guest.

2. **THROWING OBJECTS FROM THE BUILDING.** Nothing shall be thrown from windows or lanais.

3. **GARBAGE DISPOSAL.** Owners and tenants are responsible for disposing of their own garbage in the trash receptacle(s) located on Parking Level P-3. Garbage shall be disposed of only in areas provided therefor and shall not be left in any other part of the Project. Garbage containing food shall be thoroughly drained and secured in a leak-proof receptacles.

4. **AESTHETICS.** No unsightliness within the public view is permitted on the Project premises. Any unsightly or disturbing items shall be removed upon the request of the Managing Agent. Nothing shall be placed in an Apartment's windows so as to be visible from the exterior of the Project, except window coverings approved by the Board, the Developer or its assignee, and signs posted by the Owners of any Commercial Apartments or their respective licensees, as provided in the Declaration. Shoes, slippers and other personal items shall not be allowed to remain in view at Apartment entryways. Only furniture and small plants approved by the Board may be placed on lanais. Screens, clothing, towels or other items that are deemed unsightly by the Managing Agent, at the Managing Agent's discretion, shall be removed from the lanais upon written request of the Managing Agent.

5. **PERSONAL PROPERTY.** No items of personal property, including, but not limited to, mopeds, bicycles or other items, shall be left or allowed in any of the Common Element areas or visible from lanais, except in areas designated therefor, if any. Articles of any kind left in any of the Common Elements will be removed at the Owner's or occupant's risk and expense at the direction of the Board or in the discretion of the Managing Agent.

6. **PROTECTION OF COMMON AREAS.** Furniture, furnishings and equipment for the Common Elements have been provided for the safety, comfort and convenience of all residents and guests of the Apartments and, therefore, shall not be altered, removed or transferred to other areas without permission from the Managing Agent or the Board. Each Owner or tenant shall be held personally responsible for any damage or destruction to any Common or Limited Common Elements caused by such owner or tenant or the owner's or tenant's guests, children, employees or invitees.

7. **ATTIRE** Owners, tenants and guests shall wear shirts and footwear when in any of the Project's common areas, including corridors, hallways, lobbies, elevators and the parking garage.

8. **RECREATIONAL FACILITIES.** Each Owner, tenant and guest will abide by any and all regulations promulgated by the Board or the Managing Agent from time to time as to any recreational facilities, including, but not limited to the swimming pool and Fitness Room.

9. **FIRE SPRINKLERS.** Nothing shall be hung from or otherwise attached to any fire sprinkler located within an Apartment or anywhere else at the Project, and no fire sprinkler shall be tampered with in any way whatsoever. Each Owner shall be responsible for any and all damage, including water damage, caused by such Owner, its tenants and each of their guests, children, employees and invitees in violation of this rule.

10. **ACCESS.** The grounds, walkways, passages, lobbies, stairways, corridors and all other similar Common Elements shall be used strictly for ingress and egress from the public street, parking area and apartment areas, and must be at all times kept free from obstructions.

11. **CLOTHING AND LAUNDRY.** Clothing or laundry shall not be hung in doorways, windows or lanais and shall not be visible in any manner from outside the Apartment.

12. **USE OF LAUNDRY FACILITIES.** Laundry facilities are currently provided on Parking Level P-3 of the building for the convenience of Owners and occupants of the Project. If clothes are left in the washers or dryers after a cycle is completed, the clothes may be removed by the next person waiting to use the machines. Additional rules may be posted in the laundry areas respecting use of the machines.

#### IV. **PARKING AREAS.**

1. **OBSTRUCTIONS ; USES.** The porte cochere and driveways of the Project must not be obstructed or used for any purpose other than ingress and egress. Obstructions, pallets or other loading gear or machinery shall not be left in any parking area or Common Element area so as to interfere with the normal flow of traffic or so as to create a nuisance to other Owners or occupants.

2. **WORKMEN AND DELIVERIES.** When workmen are performing work on an Apartment or if any occupant orders deliveries of any kind, the Owner or occupant shall advise them to use a parking stall in appropriate Project parking areas, if any, or to find parking outside of the Project.

3. **VIOLATIONS.** Violators of parking regulations shall have their cars, trucks or other vehicles or gear towed away or removed at their own expense. If the violator is an employee, agent, lessee, tenant, visitor or guest of an Owner, the Owner shall be held responsible for payment of the towing or removal charge.

4. **STORAGE OF PROPERTY.** No storage of personal property shall be permitted within any of the parking areas.

5. **ACCESS.** No vehicle shall be parked in such a manner as to impede or prevent ready access to any entrance to or to any exit from the Project by another vehicle. IN THE EVENT THAT AN OWNER OF A HOTEL APARTMENT HAVING A PARKING STALL APPURTENANT TO SUCH HOTEL APARTMENT, OWNING A PARKING APARTMENT OR THE RIGHT TO OTHERWISE UTILIZE A PARKING STALL IN CONNECTION WITH SUCH HOTEL APARTMENT EITHER RENTS HIS/HER HOTEL APARTMENT OR SUBMITS HIS/HER HOTEL APARTMENT TO A RENTAL PROGRAM, SUCH OWNER SHALL NOT BE PERMITTED TO PARK AN AUTOMOBILE IN SUCH PARKING STALL OR ANYWHERE IN THE PROJECT UNLESS SUCH OWNER IS ACTUALLY OCCUPYING HIS/HER HOTEL APARTMENT. UPON RENTAL, THE USE OF THE PARKING STALL SHALL BE EXCLUSIVELY FOR THE BENEFIT OF THE OCCUPANT OF THE OWNER'S HOTEL APARTMENT.

#### V. **NOISE AND NUISANCES.**

1. **GENERALLY.** Subject to the provisions of the Declaration, no nuisances shall be allowed in the Project nor shall any use or practice be allowed which is improper or offensive in the opinion of the Board or in violation of the Declaration, the Bylaws or these House Rules or which unreasonably interferes with or is an unreasonable annoyance to the peaceful possession or proper use of the Project by other Owners or occupants.

2. **EXCESSIVE NOISE/OBJECTIONABLE ODORS.** All Owners and occupants shall avoid excessive noise of any kind at any time and shall consider the quiet enjoyment of other Owners and occupants of the Project at all times. Owners and occupants shall not cause or permit any disturbing noise or objectionable odors to emanate from their respective Apartments. Excessive noise at any time should be reported to the Managing Agent who will take appropriate action. Should noise transmission create a disturbance or a nuisance, it is the responsibility of the Owner, not the Developer, the Association or the Managing Agent, to abate the noise transmission. In order to ensure the comfort of all Owners, radios, stereo and television sets, and any and all other such audio equipment shall be turned down to a minimum volume so as not to disturb other occupants between the hours of 10:00 p.m. and 8:00 a.m. All other unnecessary noises between these hours should be avoided. Violations will be promptly referred to the Managing Agent for enforcement. Notwithstanding the provisions of this paragraph, the Owner of Commercial Apartment 101 located on the Lobby Floor, shall have the right to provide music within such Apartment during its business hours.

3. **SPORTS EQUIPMENT.** Use of sports equipment, including, but not limited to bicycles, skate boards, skates and scooters, is prohibited in the Common Elements of the Project. Infant strollers and wheel chairs are

allowed provided that infant strollers are attended at all times. Surfboards, boogie boards, diving equipment, paddles, balls, swim fins and similar equipment and paraphernalia are prohibited in the pool and pool area.

4. **ADVERTISING AND SOLICITATION.** With the exception of any Commercial Apartment in the Project and as otherwise permitted in the Declaration, there shall be no advertising or solicitation by any person anywhere within the Project for any cause, charity, or purpose, whatsoever, unless specifically authorized in writing by the Managing Agent.

## **VI. BUILDING MODIFICATIONS.**

1. **STRUCTURAL CHANGES.** Structural changes either within or without an Apartment shall only be made in the manner provided in the Declaration.

2. **SIGNS.** Except for the Owner of Commercial Apartments or their licensees, no Owner will erect, affix or place any signs, electrical or otherwise, nor post or suffer to be posted any handbills or other advertising matter, in front of or on the Common Elements or which shall be visible from any point outside of said Owner's Apartment except in accordance with the Declaration, Bylaws, these House Rules and/or other determinations of the Managing Agent. No signs, signals or lettering shall be inscribed or exposed on any part of the building including within the Common Elements and/or Limited Common Elements except with the prior written approval of the Managing Agent or as otherwise permitted under the Declaration with respect to such signs, signals or lettering utilized by the Owner of any Commercial or their Apartment licensees. The Managing Agent shall have the right to consult with a design professional prior to making its decision, and the cost thereof shall be borne by the Owner or Owner's lessee or tenant requesting the sign, signal or lettering. No Owner shall make any use of any servicemarks or trademarks of Developer, or any lessee or licensee thereof, without the prior written approval of the Developer, lessee or licensee.

3. **PREVENTIVE REPAIR AND MAINTENANCE.** Each Owner from time to time and at all times shall perform promptly all repair, maintenance and alteration work within such Owner's Apartment, the omission of which would adversely affect any Common Element or any other Apartment, and shall be responsible for all loss and damage caused by such Owner's failure to do so.

4. **REPAIRS OF INTERNAL INSTALLATIONS.** All repairs of internal installations within each Apartment such as water, light, gas, power, plumbing, telephone, sewage disposal, electricity, sanitation, doors, lamps and all other fixtures and accessories belonging to such Apartment, including interior walls and partitions and the inner decorated or finished surfaces of the perimeter walls, floors and ceilings of such Apartment shall be the responsibility of, and performed at the expense of, each Owner as set forth in the Declaration and Bylaws. Before commencing any construction or repairs that are likely to cause noise or any other inconvenience to other owners, tenants or guests, an Apartment Owner must notify the Managing Agent. Such activities shall be limited to the hours of 8:00 a.m. to 5:00 p.m., except for emergencies.

5. **OVERLOADING STRUCTURE.** Nothing shall be allowed, done, or kept in any Apartment or Common Element which will overload or impair the floors, walls or ceilings of any structure within the Project, or cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance maintained by or for the Board with respect thereto, nor shall any noxious or offensive activity or nuisance be made or suffered thereon.

6. **INSTALLATION OF EQUIPMENT.** No Owner, except as otherwise permitted by the Managing Agent, shall install any wiring or other device for electrical or telephone installations, television, radio, antenna, machines, satellite dishes or other equipment or appurtenances on the exterior of the building or protruding through the walls, windows or ceilings thereof.

7. **EXTERNAL ADDITIONS AND ANTENNAS.** Except as permitted in the Declaration or Bylaws, no awnings or other projections shall be attached to the outside walls of the building or the exterior portion of any door, nor shall any private radio, television, or other outdoor antenna, be erected or installed on or anywhere within the Project.

8. **EXTERNAL APPEARANCE.** The exterior of the Project shall not be painted, decorated, or modified by an Owner in any manner without prior written consent of the Association, the Developer or its assignee, which consent may be withheld on purely aesthetic grounds within the sole discretion of the Managing Agent on behalf of



the Association, the Developer or its assignee. No awnings, window guards, light reflective materials, hurricane, or storm shutters, ventilator, fans, or air conditioning devices shall be used in or about the Project, except as shall have been approved as aforesaid, which approval may also be withheld on purely aesthetic grounds within the sole discretion of the Managing Agent on behalf of the Association, the Developer or its assignee. Any costs incurred due to damages resulting from exterior additions, whether authorized or unauthorized, shall be paid by the Owner.

9. **ROOF.** Owners are not permitted on the roof of the building within the Project for any purpose without the express approval of the Board or Managing Agent, except as permitted in the Declaration.

## **VII. EMPLOYEES OF THE ASSOCIATION.**

1. **MANAGING AGENT.** The Board shall have the authority to hire the Managing Agent according to the provisions of the Bylaws; provided, however, that the Developer may hire the first Managing Agent.

2. **LIMITATION ON DUTIES.** Maintenance employees of the Association are under the sole direction of the Managing Agent, and, during the prescribed hours of work they shall in no case be diverted to the private business or employment of any occupant, unless arrangements therefor have been made with the Managing Agent.

3. **EMPLOYEES MAY NOT BE ASKED TO LEAVE.** No employee of the Association or Managing Agent shall be asked by an Owner or occupant to leave the Common Elements.

## **VIII. HAZARDS.**

1. **FLAMMABLE MATERIAL.** Unless the Board gives advance written consent in each and every instance, occupants shall not use any illumination other than electric lights, or use or permit to be brought into the building any flammable oils or fluids such as gasoline, kerosene, naphtha or benzene, or other explosives or other articles deemed extra hazardous to life, limb or property; provided that this rule shall not prohibit the maintenance of gasoline in gas tanks of vehicles upon the Project premises or, with respect to any Commercial Apartment, the temporary storage of flammable fluids in suitable containers which are needed for the normal conduct of business.

2. **EXPLOSIVES.** The use of firecrackers and the explosion of any fireworks or other explosives anywhere on the Project premises, including within any Apartment, is expressly prohibited unless expressly authorized by the Board.

3. **VIOLATION OF LAW.** No activity shall be engaged in and no substance introduced into or manufactured within the Project that might result in violation of the law.

4. **CANCELLATION OF INSURANCE.** No activity shall be engaged in and no substance shall be introduced into or manufactured within the Project that might result in the cancellation of insurance or increase in the insurance rate on the Project (unless in case of such increase, the Apartment Owner or occupant responsible for such increase shall pay the same).

5. **SPILLAGE.** Spillage of any kind shall be cleaned immediately so as to prevent encroachment upon the Common Elements or any Apartment or Limited Common Elements or harm to persons.

6. **WASTE MATERIALS.** Waste fluids or materials shall be properly discarded in suitable containers or by recycling services or as recommended by the manufacturer. Dumping in plumbing or storm drain lines or in the surrounding landscaping is prohibited.

7. **COMPLIANCE WITH ALL LAWS.** Each Owner, his employees, agents, customers, lessees, tenants, visitors and guests, as appropriate, shall at all times observe and maintain all laws, ordinances, rules and regulations now and hereafter made by any governmental authority, the Association, or the Board applicable to the use of the Project.

8. **COOPERATION.** All Owners and occupants shall cooperate with the reasonable requests of the Managing Agent with respect to matters of conduct in and about the Project over which they have jurisdiction.

**IX. GENERAL HOUSE RULES.**

1. **FACILITIES.** The recreational and other facilities, if any, which are part of the Common Elements or leased to the Association, are for the exclusive use of the Owners, Owners' lessees, occupants, tenants, guests, or visitors accompanied by an Owner, unless otherwise provided that such use shall not be exclusive.

2. **BUILDING BUSINESS HOURS; POOL AND FITNESS ROOM HOURS.** The Project will be operated as a hotel and resort destination. Accordingly, it shall be open to the public on a twenty-four (24) hour basis. Some amenities and other facilities of the Project may be open during limited business hours. Pool hours are from 7:00 a.m. to 10:00 p.m. Fitness Room hours are from 5:00 a.m. to 10:00 p.m.

3. **DELIVERIES AND SERVICE AREA.** Only hand trucks equipped with rubber tires and slide guards will be permitted in the building of the Project. All deliveries shall only be brought through areas designated by the Managing Agent. All persons making deliveries to any Owner or occupant shall sign a delivery log in the office of the Managing Agent, or any other place designated by the Managing Agent.

4. **USE OF ELEVATORS.** The elevators may not be used for transporting furniture, appliances and other items without the prior approval of the Managing Agent. Moving in or out of an Apartment is limited to the hours between 8:00 a.m. and 5:00 p.m., Monday through Friday, except for small items, clothing and suitcases. Elevators must be reserved at least 24 hours in advance by notice to the Managing Agent. No wet equipment or other items are permitted in the elevators. No wet bathing suits are permitted in the elevators.

5. **HEAVY ITEMS.** All transportation of freight, packages or bulky matter of any description must take place only during hours designated by the Board or the Managing Agent and then only with prior notice to and approval by the Managing Agent. The Board or the Managing Agent shall have the right to prescribe the location of heavy objects and if considered necessary, the means to distribute the weight thereof. All costs incurred will be charged to the Owner. Any damage to the Project caused by an Owner or its contractors, delivery or moving service will be repaired at such Owner's expense.

6. **ENTRY TO APARTMENTS.** The Managing Agent is not required to give access to Apartments or the building without the written permission of a responsible Owner.

7. **OBSERVANCE AND PERFORMANCE OF HOUSE RULES.** Each Owner shall observe and perform these House Rules and ensure that its employees, agents, customers, lessees, tenants, visitors, licensees, guests and invitees also observe and perform these House Rules. Owners will be responsible for their employees', agents', customers', lessees', tenants', visitors', licensees', guests' or invitees' observance of all House Rules as set forth herein. In the event expenses are incurred due to violations of these House Rules by employees, agents, customers, lessees, tenants, visitors, guests or licensees of an Owner, said Owner shall be responsible for payment of the same, including reasonable attorneys' fees and costs.

8. **WATER FACILITIES.** Toilets, sinks and other water apparatus in the Project shall not be used for any purpose other than those for which they were designed, nor shall any sweepings, garbage or other articles be thrown into them. Any damage resulting from misuse of any toilets, sinks or other water apparatus in an Apartment shall be repaired and paid for by the Owner of such Apartment as set forth in the Bylaws.

9. **SUGGESTIONS AND/OR COMPLAINTS.** Suggestions and/or complaints regarding the Project shall be made in writing to the Managing Agent.

10. **DELINQUENT ACCOUNTS.** All delinquent accounts for the payment of common area maintenance fees and assessments shall be charged a late fee of \$25.00 for every month the delinquency remains or as otherwise established under the Bylaws.

11. **OPEN HOUSE SIGNS.** Except as otherwise permitted in the Declaration, open house signs shall be placed only in areas and as directed by the Managing Agent.

**X. VIOLATIONS OF THESE HOUSE RULES.**

**1. REPORTING VIOLATIONS AND DAMAGES.**

a. Whenever possible, violations of these House Rules should be reported to the Managing Agent. The Managing Agent will keep the identity of the complainant confidential.

b. All corrective actions regarding violations of the House Rules and damages to the Common Elements will be enforced by the Board or the Managing Agent and should be reported promptly to the Managing Agent or the Board.

c. Damage to Common Elements shall be surveyed by the Board or the Managing Agent, and the cost of repair or replacement and any legal fees incurred may be assessed by the Board against the person or persons responsible, including, but not limited to, against Owners for damage caused directly or indirectly by their tenants or guests.

**2. THE VIOLATION OF ANY HOUSE RULES ADOPTED BY THE ASSOCIATION SHALL GIVE THE BOARD OF DIRECTORS OR ITS AGENTS THE RIGHT TO:**

a. ENTER THE APARTMENT (INCLUDING THE LIMITED COMMON ELEMENT) IN WHICH, OR AS TO WHICH, SUCH VIOLATION OR BREACH EXISTS AND TO SUMMARILY ABATE AND REMOVE, AT THE EXPENSE OF THE DEFAULTING OWNER, ANY STRUCTURE, THING OR CONDITION THAT MAY EXIST THEREIN CONTRARY TO THE INTENT AND MEANING OF THE PROVISIONS HEREOF, AND THE BOARD OR THE MANAGING AGENT SHALL NOT THEREBY BE DEEMED LIABLE FOR ANY DAMAGES OR GUILTY IN ANY MANNER OF TRESPASS; AND/OR

b. ENJOIN, ABATE OR REMEDY BY APPROPRIATE LEGAL PROCEEDINGS, EITHER AT LAW OR IN EQUITY, THE CONTINUANCE OF ANY SUCH BREACH; AND ALL COSTS THEREOF, INCLUDING ATTORNEYS' FEES AND COSTS, SHALL BE BORNE BY THE DEFAULTING OWNER; AND/OR

c. LEVY FINES, IN THE DISCRETION OF THE BOARD.

**XI. AMENDMENTS.**

These House Rules may be amended by a vote of the Owners of at least sixty-five percent (65%) of the Apartments in the Project at a meeting of Owners duly called and held in the manner provided for in the Bylaws or by a majority vote of the Board of Directors at a duly called meeting of the Board.

(The remainder of this page intentionally left blank.)

The Developer, acting as the initial Association, hereby adopts the foregoing as the House Rules of the Association of Apartment Owners of the Project on behalf of the Association this 11th day of May 2004

LAEROC WAIKIKI PARKSIDE, LLC  
a Hawaii limited liability company

By LAEROC PARTNERS, INC.,  
a California corporation  
Its Manager

By Kim Alan Benjamin President  
Kim Alan Benjamin  
Its President

**Palms at Waikiki AOA**  
**Insurance Summary**  
**Date Prepared: December 3, 2014**

**Insurance Associates, Inc.**  
**800 Bethel Street, Suite #200**  
**Honolulu, HI 96813**  
[www.insuringhawaii.com](http://www.insuringhawaii.com)

**Agent: Sue Savio**  
**Direct Line: 808-526-9271**  
**Toll Free: 1-888-867-7671**  
**E-mail: [sue@insuringhawaii.com](mailto:sue@insuringhawaii.com)**

| Coverage                                            | Limits of Liability | Term   | Policy Period       | Annual Premium | Insurance Company                | Comments                                                                                              |
|-----------------------------------------------------|---------------------|--------|---------------------|----------------|----------------------------------|-------------------------------------------------------------------------------------------------------|
| <b>Commercial Property w/ Equipment Breakdown</b>   |                     |        |                     |                |                                  |                                                                                                       |
| Building Replacement Cost                           | \$ 44,448,000       | Annual | 12/15/14 – 12/15/15 | \$ 53,619      | Fireman's Fund Insurance Company | <ul style="list-style-type: none"> <li><i>Rated A (Excellent) by A.M. Best</i></li> </ul>             |
| Business Personal Property                          | \$ 200,000          |        |                     |                |                                  |                                                                                                       |
| Business Income                                     | \$ 120,000          |        |                     |                |                                  |                                                                                                       |
| Equipment Breakdown (Boiler & Machinery)            | \$ Included         |        |                     |                |                                  |                                                                                                       |
| Backup of Sewers & Drains                           | \$ Included         |        |                     |                |                                  |                                                                                                       |
| Building Ordinance and Law                          | \$ 2,000,000        |        |                     |                |                                  |                                                                                                       |
| Deductible (all other perils excluding hurricane)   | \$ 5,000            |        |                     |                |                                  |                                                                                                       |
| Hurricane Deductible (2% of the building value)     | \$ 888,960          |        |                     |                |                                  |                                                                                                       |
| <b>Commercial General Liability</b>                 |                     |        |                     |                |                                  |                                                                                                       |
| General Aggregate                                   | \$ 2,000,000        | Annual | 12/15/14 – 12/15/15 | \$ 12,939      | Fireman's Fund Insurance Company |                                                                                                       |
| Personal & Advertising Injury                       | \$ 1,000,000        |        |                     |                |                                  |                                                                                                       |
| Each Occurrence                                     | \$ 1,000,000        |        |                     |                |                                  |                                                                                                       |
| Damage to Premises Rented to You                    | \$ 100,000          |        |                     |                |                                  |                                                                                                       |
| Medical Expense (any one person)                    | \$ 5,000            |        |                     |                |                                  |                                                                                                       |
| Hired/Non-Owned Automobile (occurrence)             | \$ 1,000,000        |        |                     |                |                                  |                                                                                                       |
| <b>Commercial Umbrella</b>                          |                     |        |                     |                |                                  |                                                                                                       |
| Each Occurrence                                     | \$ 10,000,000       | Annual | 12/15/14 – 12/15/15 | \$ 3,955       | Fireman's Fund Insurance Company | <ul style="list-style-type: none"> <li><i>Provides coverage above the D&amp;O policy</i></li> </ul>   |
| Liability Aggregate Limit                           | \$ 10,000,000       |        |                     |                |                                  |                                                                                                       |
| Retained Limit                                      | \$ 0                |        |                     |                |                                  |                                                                                                       |
| <b>Directors' and Officers' (D&amp;O Liability)</b> |                     |        |                     |                |                                  |                                                                                                       |
| Each Claim                                          | \$ 1,000,000        | Annual | 12/15/14 – 12/15/15 | \$ 4,546       | Travelers Insurance Company      | <ul style="list-style-type: none"> <li><i>Includes coverage for the Management Company</i></li> </ul> |
| Annual Aggregate                                    | \$ 1,000,000        |        |                     |                |                                  |                                                                                                       |
| Deductible                                          | \$ 25,000           |        |                     |                |                                  |                                                                                                       |
| <b>Fidelity Bond</b>                                |                     |        |                     |                |                                  |                                                                                                       |
| Crime/Employee Dishonesty Limit                     | \$ 200,000          | Annual | 12/15/14 – 12/15/15 | \$ 427         | Fireman's Fund Insurance Company |                                                                                                       |
| Deductible                                          | \$ 1,000            |        |                     |                |                                  |                                                                                                       |
| <b>Flood Insurance</b>                              |                     |        |                     |                |                                  |                                                                                                       |
| Building                                            | \$ 44,488,000       | Annual | 12/15/14 – 12/15/15 | \$ 31,725      | Selective Insurance Company      |                                                                                                       |
| Contents                                            | \$ 100,000          |        |                     |                |                                  |                                                                                                       |
| Deductible                                          | \$ 1,250            |        |                     |                |                                  |                                                                                                       |
| <b>Workers' Compensation</b>                        |                     |        |                     |                |                                  |                                                                                                       |

*This summary has been prepared for the convenience of the Insured and is not an exact and binding analysis of the coverages. This summary is for your use as a reference only and is not intended to be inclusive of all policy terms, conditions and exclusions. Even though care has been taken in the preparation of this summary, in the event there is a discrepancy, the original policies will prevail as the sole binding documents.*





RECEIPT OF PROJECT INFORMATION FORM  
Hawaii Association of REALTORS® Standard Form  
Revised 12/10 (NC) For Release 5/14



**COPYRIGHT AND TRADEMARK NOTICE:** This copyrighted Hawaii Association of REALTORS® Standard Form is licensed for use by the entire real estate industry on condition that there shall be no alteration of the printed portions, pagination, or paragraph numbers or breaks. The use of this form is not intended to identify the real estate licensee as a REALTOR®. REALTOR® is a registered collective membership mark which may be used only by real estate licensees who are members of the National Association of REALTORS® and who subscribe to its Code of Ethics.

Property Reference or Address: 1850 Ala Moana Blvd, Palms at Waikiki 324, Honolulu HI 96815

Tax Map Key: Division 1 /Zone 2 /Sec. 6 /Plat 12 /Parcel 3 /CPR 50 (if applicable).

By signing below, I acknowledge and agree that:

1. I received a copy of the Project Information Form RR105c dated 11/18/2015.
2. The information contained in this form is being provided by the Managing Agent at the Seller's request and is based only upon the knowledge and information available to the Managing Agent.
3. The information provided on the form cannot be considered to be a substitute for a careful inspection of the Project and the Project's governing documents, minutes of meetings, financial documents, and the like.
4. I am advised that I should refer to qualified experts in the various fields, including but not limited to attorneys, accountants, engineers and contractors for detailed evaluation of areas where additional information is desired.
5. If the Managing Agent has marked "NTMK" in response to any questions, I recognize that this does not mean there may not be a defect which an expert could discover, or the passage of time would reveal. Likewise, I recognize that a problem may be more serious than the Managing Agent knows.
6. This form is not a warranty of any kind by Seller, the Managing Agent, or any Brokerage Firm and all of its licensees representing Seller or Buyer.

Buyer \_\_\_\_\_ Date \_\_\_\_\_ Buyer \_\_\_\_\_ Date \_\_\_\_\_

**NOTE:** THERE IS NO WARRANTY ON PLAIN LANGUAGE. An effort has been made to put this agreement into plain language. But there is no promise that it is in plain language. In legal terms, THERE IS NO WARRANTY, EXPRESSED OR IMPLIED, THAT THIS AGREEMENT COMPLIES WITH CHAPTER 487A OF THE HAWAII REVISED STATUTES, AS AMENDED. This means that the Hawaii Association of REALTORS® is not liable to any Buyer or other person who uses this form for any damages or penalty because of any violation of Chapter 487A. People are cautioned to see their own attorneys about Chapter 487A (and other laws that may apply).



**PROPERTY INFORMATION FORM RR105c**  
**Condominium, Co-op, PUD, and other Homeowner Organizations**  
**Hawaii Association of REALTORS Standard Forms**

Completion Date: 1966  
Name of Property: AOAO Palms At Waikiki Unit/Lot #: 324

All references to the word "Property" shall refer to the above.

Property Address: 1850 Ala Moana Blvd Honolulu, HI. 96815

Property Tax Map Key: \_\_\_\_\_

This property is managed by a licensed real estate broker. ☒ Yes ☐ No If a licensed real estate broker, is managing agent registered with the Real Estate Commission as a Condominium Managing Agent? ☐ Yes ☒ No

Name of Managing Agent: Aqua Hotels & Resorts, LLC

Managed by this Managing Agent since: 2005

Managing Agent provides (check those services that apply):

☒ Administrative Managing Services

☒ Fiscal Management Services

☒ Physical Management Services

☐ Other Management Services - \_\_\_\_\_

This Property is self-managed since: \_\_\_\_\_

**A. GENERAL & LEGAL**

Total number of apartments: 268 Number of guest parking stalls available: \_\_\_\_\_

If applicable, what percentage of Condominium Apartments has been sold and conveyed (excluding to the Developer)?  
100 %

If applicable, what approximate percentage of Condominium Apartments is owner-occupied? 3 %

Approximately how many foreclosures have been filed by the Board of Directors during the past twelve (12) months?  
\_\_\_\_\_

What approximate percentage of owners is more than one month delinquent in maintenance fees? 1.12 %

**\*\*If answer is "Yes", using the SAME number below, describe in the space provided.\*\***

**Yes No NTMK (not to my knowledge)**

☐ ☒ ☐ (1) Within the past year, has the Board of Directors had discussions with the lessor regarding the purchase of the leased fee interest in the land?

☐ ☒ ☐ (2) Is this Property subject to phasing or development of additional increments?

☐ ☒ ☐ (3) Has the Owners Association or Corporation been in control of the operations of the Property for less than two (2) years?

☐ ☒ ☐ (4) Are there any lawsuits, arbitration or mediation actions affecting this Property and/or Association other than delinquent owner maintenance fees?

Attorney for Association of Apartment Owners: \_\_\_\_\_

**NOTE: Any attorney fees or other costs incurred for further answering this inquiry shall not be at the expense of the Association of Apartment Owners, nor of the Managing Agent.**

☐ ☒ ☐ (5) If property is a Condominium, does any single entity, individual or partnership own more than 10 percent of the common interest of this property?

☐ ☒ ☐ (6) Are any Association or Corporation approvals required for transfer of Ownership?

☐ ☒ ☐ (7) Is a resident manager's apartment a part of the common elements, or is one owned by the Association or Corporation (does not apply to Planned Unit Development)?

☐ ☒ ☐ (8) Is a time share operation existing at this Property?

Name of operator: \_\_\_\_\_

☒ ☐ ☐ (9) Is there a hotel, transient vacation rental operation, or other organized rental program at the Property?

Name of Operator: Aqua-Aston Hospitality

☒ ☐ ☐ (10) Have any of the following items been discovered by the Association or Corporation at the Property? ☒ Asbestos ☐ Formaldehyde ☐ Radon Gas ☐ Lead-Based Paint

☒ ☐ ☐ (11) Are there commercial apartments, lots or commercial use of the common areas or common elements at the Property?

Property Address: 1850 Ala Moana Blvd Honolulu, HI. 96815

**Number of Question answered "YES" and Explain:**

See Comments

Buyer's Initials & Date \_\_\_\_\_

Seller's Initials & Date \_\_\_\_\_

## B. INSURANCE

Name of Insurance Company: Insurance Associates

Name of Insurance Agent: Sue Savio

Phone: 808-526-9271

**\*\*If answer is "Yes", using the SAME number below, describe in the space provided.\*\***

| Yes                                 | No                       | NTMK                                | Note: | In case of Planned Unit Development, questions #14 to #17 apply to common areas only.                                                                                |
|-------------------------------------|--------------------------|-------------------------------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | (12)  | Is the Property located in a designated Flood Hazard Zone?                                                                                                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | (13)  | Is this Property covered by Flood Insurance?                                                                                                                         |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | (14)  | Is this Property located in a tsunami inundation area?                                                                                                               |
| <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | (15)  | Has there been any substantial damage to this Property due to earthquake, fire, floods, winds, landslides, tsunami, or violence activity within the last five years? |

**Number of Questions answered "YES" and Explain:**

See Comments

## C. FINANCIAL

1. What do the Apartment maintenance fees include?

- ☒ Water & Sewer
- ☒ Hot Water
- ☒ Electricity
- ☒ Gas
- ☒ Air Conditioning
- ☒ Cable TV Signal
- ☐ Parking
- ☐ Recreation/Community Association Dues
- ☐ Lease Rent
- ☐ Real Property Tax
- ☒ Other: Local phone service and PBX Equipment, High speed internet

2. Other:

- ☐ There are master association dues. Check with listing broker

How frequently is a financial statement prepared? ☒ Monthly ☐ Quarterly

Specify: ☐ Cash Basis ☒ Accrual Basis

**\*\*If answer is "Yes", using the SAME number below, describe in the space provided.\*\***

| Yes                                 | No                                  | NTMK                     |                                                                                                                              |
|-------------------------------------|-------------------------------------|--------------------------|------------------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | (16) Has the Association or Corporation Board of Directors approved a maintenance fee increase, special assessment, or loan? |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | (17) Are any special assessments or loans in effect at this time?                                                            |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | (18) Are any assessments required to be paid in full at the time of conveyance of ownership?                                 |

**Number of Questions answered "YES" and Explain:**

(16) In January 2016 maintenance fees will increase 6.91%

## D. PROPERTY CONDITION

**\*\*If answer is "Yes", using the SAME number below, describe in the space provided.\*\***

Are there any major repairs required or planned within the next 12 months with respect to the following common elements/common areas of the Property?

| Yes                                 | NTMK                     |                       | Yes                                 | NTMK                     |                           |
|-------------------------------------|--------------------------|-----------------------|-------------------------------------|--------------------------|---------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (19) Exterior Walls   | <input type="checkbox"/>            | <input type="checkbox"/> | (27) Trash Chutes         |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (20) Plumbing         | <input type="checkbox"/>            | <input type="checkbox"/> | (28) Drainage             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (21) Foundations      | <input type="checkbox"/>            | <input type="checkbox"/> | (29) Sauna                |
| <input type="checkbox"/>            | <input type="checkbox"/> | (22) Wall(s)/Fences   | <input type="checkbox"/>            | <input type="checkbox"/> | (30) Barbecue Facilities  |
| <input type="checkbox"/>            | <input type="checkbox"/> | (23) Water Features   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | (31) Lanai Decks/Railings |
| <input type="checkbox"/>            | <input type="checkbox"/> | (24) Security Systems | <input type="checkbox"/>            | <input type="checkbox"/> | (32) Electrical Systems   |
| <input type="checkbox"/>            | <input type="checkbox"/> | (25) Elevators        | <input type="checkbox"/>            | <input type="checkbox"/> | (33) Walkways             |
| <input type="checkbox"/>            | <input type="checkbox"/> | (26) Slab(s)          |                                     |                          |                           |

Buyer's Initials & Date

Seller's Initials & Date

Property Address: 1850 Ala Moana Blvd Honolulu, HI. 96815



| Yes                                 | NTMK                     |                              |
|-------------------------------------|--------------------------|------------------------------|
| <input type="checkbox"/>            | <input type="checkbox"/> | (34) Swimming Pool           |
| <input type="checkbox"/>            | <input type="checkbox"/> | (35) Spas                    |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (36) Pool Deck/Railings      |
| <input type="checkbox"/>            | <input type="checkbox"/> | (37) Sewage Treatment Plant  |
| <input type="checkbox"/>            | <input type="checkbox"/> | (38) Driveways/Parking Areas |

| Yes                                 | NTMK                     |                          |
|-------------------------------------|--------------------------|--------------------------|
| <input type="checkbox"/>            | <input type="checkbox"/> | (39) Sprinkler System    |
| <input type="checkbox"/>            | <input type="checkbox"/> | (40) Tennis Court        |
| <input type="checkbox"/>            | <input type="checkbox"/> | (41) Rec. Room Equipment |
| <input type="checkbox"/>            | <input type="checkbox"/> | (42) Roofing             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (43) Paint               |
| <input type="checkbox"/>            | <input type="checkbox"/> | (44) Other: _____        |

| Yes                      | No                                  | NTMK                                |                                                                                                                                                                             |
|--------------------------|-------------------------------------|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | (45) Are lanai enclosures presently permitted by the Association or Corporation Board of Directors?                                                                         |
| <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | (46) Do you know, within the past year, of the presence of live infestation, wood boring insects/termites in the common elements/common areas of the Property?              |
| <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | (47) Do you know, within the past year, of leaks and/or water damage in the common elements/common areas of the Property?                                                   |
| <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | (48) Are you aware, within the past year, of any structural problems in the common elements/common areas caused by water, settling, sliding, subsidence, filled land, etc.? |

**Number of Questions answered "YES" and Explain:**

See Comments

**E. DISCLAIMER**

While not guaranteed, the information contained in this Property Information Form is based on information reasonably available to the Managing Agent at the time this form was completed. It has been provided by the Managing Agent at Owner/Seller's request and is believed to be current and correct to the best of the Managing Agent's knowledge at the time this form was completed. All persons relying upon the information contained herein are advised that the information provided cannot be considered a substitute for a careful inspection of the Property and the Property's governing documents, meeting minutes, financial documents and other documentation; and that they should refer to qualified experts in the various professional fields, including but not limited to attorneys, Certified Public Accountants, architects, engineers, contractors and other appropriate professionals for detailed evaluation of areas where additional clarification or information is desired. The person or entity completing the form is doing so only as an accommodation to the parties and shall not be held liable for any errors or omissions whatsoever. The person or entity completing this form is not required to and has not completed any special investigation, and is only reporting facts already known to that person or entity or readily available. Specifically and without limitation, the person or entity completing the form has not reviewed any records except official records of meetings in the possession of that person or entity and only for the current and prior year. Where the answer to a question is not applicable, unknown or is otherwise unanswerable, it has been marked "NTMK". Where the Managing Agent has marked "NTMK" or "NO" in response to a question concerning property condition, it must be recognized that this does not mean there may not be a defect which an expert could discover or the passage of time would reveal. Likewise, a problem could be more serious than the Managing Agent, the Association, the Corporation or its Board of Directors knows. All such persons having access to this Property Information Form understand and acknowledge that this Property Information Form is not a warranty or guaranty of any kind by the Managing Agent, the Association or its Board of Directors.

Person completing this form



11-18-2015

Name: Patty Maher, Property Manager, for Palms at Waikiki

Title: General Manager

Company: Palms at Waikiki

Address: 1850 Ala Moana Blvd., Honolulu, HI 96815

Phone No. 808-952-8383

Fax No. 808-947-7002

Buyer's Initials & Date \_\_\_\_\_

Seller's Initials & Date \_\_\_\_\_

Property Address: : 1850 Ala Moana Blvd Honolulu, HI. 96815

## **ADDENDUM TO REQUEST FOR DOCUMENTS FORM RR105C AND PROPERTY INFORMATION FORM RR105C**

DATE OF FORMS: 11-18-2015

The above-identified forms are modified as stated herein. I/We understand and agree that:

- (i) the information requested is being provided as an accommodation only and that the Managing Agent and the Association and their respective officers, directors, employees and agents shall have no liability whatsoever for any errors or omissions with respect thereto;
- (ii) the Managing Agent and the Association are not required to make any special investigations as to any matters for which information is requested and shall report only facts already known or readily available to the Managing Agent; and
- (iii) the documents and information provided shall relate only to the community association for which information is requested and shall not include documents or information related to other community associations or master associations which may affect the property being sold.

I/We agree to indemnify and hold harmless the Association and the Managing Agent from All Costs for any Injury consequent upon or arising from:

- (i) the use or distribution of the documents or information provided by the Association or Managing Agent on Forms RR105B and/or RR105C, as amended;
- (ii) any allegation that said documents or information provided by the Association or Managing Agent adversely affected any real estate transaction or violated any law, statute, ordinance or regulation now or hereafter in force of the United States, the State of Hawaii or any city or county; and
- (iii) any allegation that the documents or information provided by the Association or Managing Agent caused damage to Me/Us or to any third party.

If any lawsuits, arbitration or other proceedings shall be brought against the Association or the Managing Agent for any of the foregoing reasons, I/We will defend the same and will pay whatever judgements which may be recovered against the Association or the Managing Agent. The obligation to defend shall include the obligation to pay all costs and expenses of the lawsuit, arbitration or proceeding and any appeal thereof, including attorneys, fees, incurred by the Association or the Managing Agent. As used herein:

All Costs shall include every and all cost, loss, damage, liability, expense, demand, penalty and fine whatsoever, which may arise from or be claimed against the Association or the managing Agent, by any person or entity.

Injury shall include all injuries to person or property, or damage of whatever kind or character suffered or sustained.

The acceptance of any of the documents or information as provided on form RR105B and/or RR105C and the use or distribution of those documents or information to any third party for any purpose whatsoever, including without limitation, compliance with Chapter 508D, Hawaii Revised Statutes, constitutes the agreement of the Seller (s) to all of the terms and provisions of this Addendum including without limitation the obligation to defend and indemnify the Association and the Managing Agent.

\_\_\_\_\_  
Buyers Initials & Date

\_\_\_\_\_  
Sellers Initials & Date

Property Address: 1850 Ala Moana Blvd Honolulu, HI. 96815

# Comments Addendum Form RR105c

## A) General & Legal (write comments, if any, below and refer to question number)

#19, 21, 31, 36 & 43 - Paint and spall repair of building, pool deck and lanai rails

#20 Annual Contingency Plumbing

#12 Grand Fathered Flood Zone B

#13-14 Flood Policy with Selective Insurance Co/National Flood Insurance Program

Policy number: FLD1298475

Coverage Period: 12/15/14-12/15/15

Coverage Amt.: \$44,488,000

## B) Insurance (write comments, if any, below and refer to question number)

---

Buyer's Initials & Date

Property Address: 1850 Ala Moana Blvd Honolulu, HI. 96815

---

Seller's Initials & Date

## Comments Addendum Form RR105c (continued)

**C) Financial** (write comments, if any, below and refer to question number)

**D) Property Condition** (write comments, if any, below and refer to question number)

#8 Aqua Hotels & resorts, LLC manages an on-site rental program for over 85% of the units.

#9 Developer has completed remediation work to remove or otherwise deal with asbestos at the project in accordance with the recommendations of their consultants. Certain toxic molds have previously been detected at the project and the seller has completed mold remediation which included replacement of all drywalls in apartments and portion of hallways.

#10 back of the house storage areas, locker rooms and lunch room facilities are leased on an annual basis to the rental program operator.

---

Buyer's Initials & Date

Property Address: 1850 Ala Moana Blvd Honolulu, HI. 96815

---

Seller's Initials & Date



# **Reserve Analysis**

for the

## **Palms at Waikiki AOA**

Honolulu, HI

**Start Date: Jan 1, 2015**



**Table Of Contents**

**Project Information . . . . . 1**

**Information . . . . . 2**

**Financial Overview . . . . . 3**

**Detail Component Report . . . . . 5**

**5 Year Disbursement Schedule . . . . . 9**

**Funding Models: Overview . . . . . 11**

**Hawaii Current Funding . . . . . 12**

**Hawaii Cash Flow Plan . . . . . 13**

**Hawaii Compliance Funding . . . . . 14**

**Reserve Study Executive Summary . . . . . 15**

**Percent Funded . . . . . 19**



## Reserve Study - Step by Step Process

Step One (1): Review the common area component listing to assure all components are incorporated into the report accurately.

Step Two (2): Percent Funded Report - This report indicates the current funded status of the association. This report details by component the Fully Funded Reserve or the amount needed to be 100% funded.

Step Three (3): Funding Models: The report provides 4 individual funding reports that provide the Board different scenarios in which to review prior to setting the annual reserve contribution for the next fiscal year.

Step Four (4): Once the Board has made a decision on the level of funding they will be incorporating into the reserve funded the final budget is to be forwarded to the provider so they can finalize the reserve study report and complete the reserve disclosure form.

## Project Description

|                                     |                                      |
|-------------------------------------|--------------------------------------|
| Name of Association:                | Palms at Waikiki AOA                 |
| City and State:                     | 1850 Ala Moana Blvd., Honolulu, HI   |
| Type of Project:                    | High-rise                            |
| Number of Units:                    | 262                                  |
| Unit Break Down:                    | (262) High-rise                      |
| Age of Project:                     | 46 Years                             |
| Fiscal Year-End:                    | Dec 31, 2014                         |
| Level of Reserve Study:             | Level 3: Update (without site visit) |
| Management Company:                 | Aqua Hotels & Resorts                |
| Date of Inspection (if applicable): | Oct 12, 2013                         |

## Property Notes

N/A

## Reserve Study Information

**Reserve Study (Definition):** A budget planning tool which identifies the current status of the reserve fund and a stable and equitable Funding Plan to offset the anticipated future major capital expenditures. The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis.

### Included in the Reserve Study:

- **Component Worksheet Report:** Includes the quantity, estimated current replacement cost, projected future cost, service life the projected remaining life of each major component.
- **Percentage Funded Report:** Includes the total replacement cost, current reserve balance, fully funded reserve balance (to be 100%) and the percentage to which the association is fully funded.
- **Funding Plans:** One or more of the following plans may be included in the Reserve Analysis:
  - Current Funding: The funding level equal to the Association's current assessments for reserve assets.
  - 100% Funding (10-Year Plan): Funding designed to reduce the current deficit and reach the fully funded level (100%) in 10 Yrs.
  - Threshold Funding: Funding Plan designed to meet all projected disbursement requirements as they occur over the projected 20-30 years while never allowing the reserve balance to go below the designated threshold level.
  - Recommended Funding: Funding plan recommended by the reserve provider.
  - Compliance Funding - 50% (Hawaii Only): Funding Plan designed to meet all projected disbursement requirements as they occur over the projected 20 years while also maintaining a minimum percentage funded rate of 50% for years 1-20.
  - Cash Flow Plan (Hawaii Only): Funding Plan designed to meet all projected disbursement requirements as they occur over the projected 20 years while never allowing the reserve balance to go below the designated threshold level.
- **Category Summary:** Summary of reserve study by category totals.
- **Executive Summary:** For homeowners distribution (if applicable). General summary of the reserve report based on statute requirements.
- **Reserve Funding Disclosure Summary** - California State Statute 5570 – (California Only)

The purpose of this report is to provide information about the existing condition, life expectancy and estimated cost for maintenance and replacement of the physical elements that the Association is responsible for maintaining. This evaluation is designed to comply with all current state requirements.

A level 1 or 2 report is based on a diligent visual inspection of the reserve components and may rely on information supplied by the management company, Board of Directors, associated vendors, contractors and published replacement guides modified for local conditions related to reconstruction. A level-3 reserve study report does not include an on-site visual evaluation but is updated accordingly based on a previous years on-site evaluation.

Future-cost figures include an annual inflationary factor (see inflation rate), which should be updated and reincorporated into the reserve budget when deemed appropriate. Funding and disbursement projections presented have been computed with a Time Value of Money approach. An annual inflation rate and average interest rate were assumed. Inflation was applied to the projected disbursements, and annual average interest to the ending cash balance values. A straight-line method of calculation was employed for both time value rates.

Adjustments to the component service lives and listed costs should be made whenever the rate of deterioration has changed or when there have been significant changes in the cost of materials and/or labor. Some assumptions have been made about costs, conditions, and future events and circumstances that may occur. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this report. Therefore, the actual replacement costs and remaining lives may vary from this report and the variations could be material.

It is imperative that these assets be reviewed annually to consider the impact of changing conditions. The findings in the following report are applicable as of the study's completion date, and those items, which are not expected to undergo major repair or replacement within a thirty-year time frame, have been defined as 'life of the project' and may not be included. The report is to be used only for the purpose stated herein, any use or reliance for any other purpose is invalid.

The contents of the Reserve Study Report are based on estimates of the most probable reserve component replacement costs and remaining useful lives. Accordingly, the funding plans reflect consultant judgments based on circumstances at the time of inspection of the most likely costs, regular maintenance, service and remaining lives. The Association may elect to implement any of the funding plans presented, or may implement some variation developed from this information. An annual increase (based on listed inflation %) has been assumed in the funding plans provided (for future projections). Because the compilation of the reserve funding plans and related projections is limited as described above, no conclusion or any other form of assurance on the funding options or projections is provided. No responsibility to update this report for events and circumstances occurring after the date of this report is assumed.



## Financial Information - As of 2014-Dec-31

Projected Reserve Fund Balance: **\$855,151**  
 Projected Fully Funded Reserve: **\$1,714,240**  
 Percentage Funded: **50%**  
 Current Replacement Cost: **\$3,714,004**

## Inflation, Interest & Contribution Rates

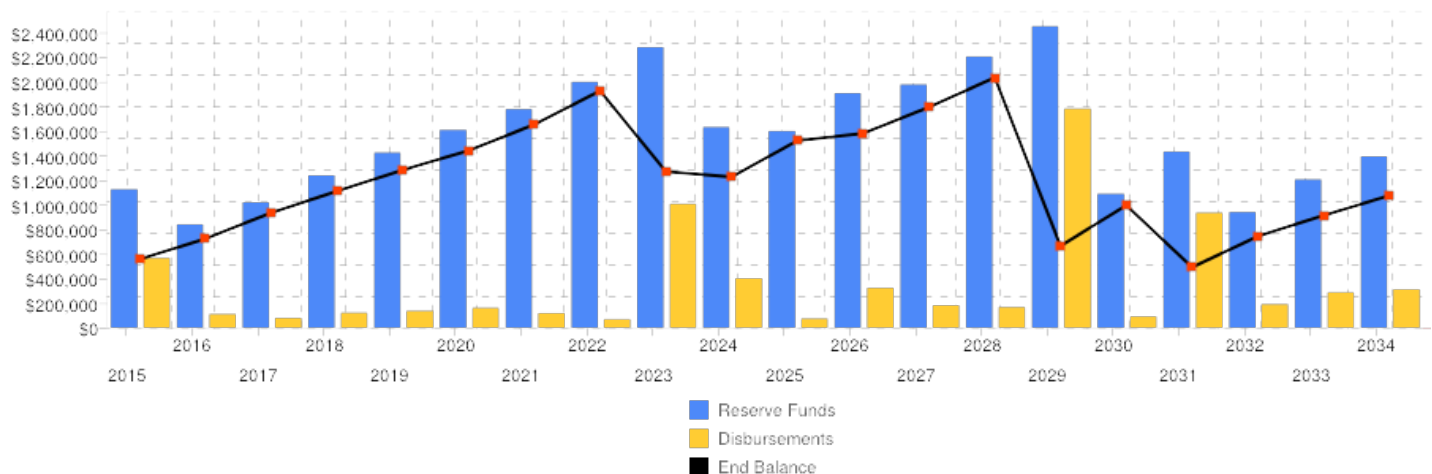
Funding and disbursement projections presented have been computed with a Time Value of Money approach. Inflation was applied to the projected disbursements, and average interest to the ending cash balance values.

Assumed Annual Inflation Rate: **3.00%**  
 Assumed Annual Interest Rate: **1.00%**  
 Assumed Annual Contribution Rate: **3.00%**

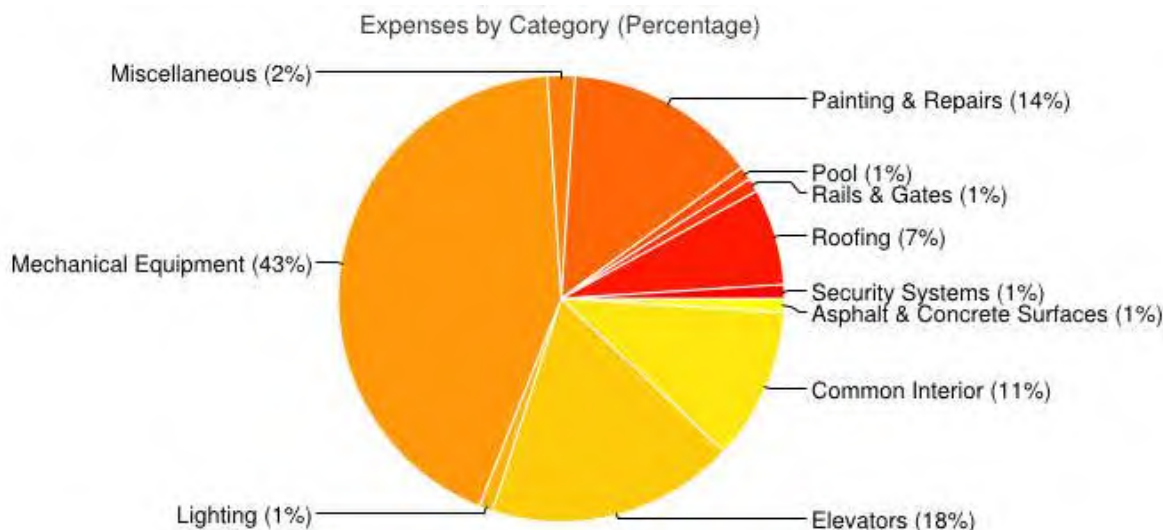
## 5-Year Current Funding Plan

| Year | Annual Funding Amount | Average Monthly Fee Per Unit | Projected Annual Disbursements | Year-End Balance | Fully Funded Reserve | Percent Funded |
|------|-----------------------|------------------------------|--------------------------------|------------------|----------------------|----------------|
| 2015 | \$264,138.00          | \$84.01                      | \$565,002                      | \$561,335        | \$1,459,929          | 38%            |
| 2016 | \$272,062.14          | \$86.53                      | \$111,395                      | \$728,419        | \$1,673,487          | 44%            |
| 2017 | \$280,224.00          | \$89.13                      | \$77,920                       | \$939,018        | \$1,936,469          | 48%            |
| 2018 | \$288,630.72          | \$91.80                      | \$122,823                      | \$1,115,046      | \$2,169,870          | 51%            |
| 2019 | \$297,289.65          | \$94.56                      | \$137,425                      | \$1,286,861      | \$2,404,299          | 54%            |

## 20-Year Current Funding Chart



## Category Summary



| Category                    | UL    | RL   | Current Replacement Cost | Projected Reserve Balance | Required Reserve Funding | Projected Fully Funded Reserve | Current Funding Allocation (Year 1) |
|-----------------------------|-------|------|--------------------------|---------------------------|--------------------------|--------------------------------|-------------------------------------|
| Asphalt & Concrete Surfaces | 5     | 0-1  | \$27,077                 | \$13,507                  | \$5,415                  | \$27,077                       | \$5,334                             |
| Common Interior             | 4-25  | 0-24 | \$398,800                | \$79,850                  | \$37,116                 | \$160,068                      | \$36,558                            |
| Elevators                   | 12-30 | 6-24 | \$664,200                | \$73,630                  | \$24,600                 | \$147,600                      | \$24,230                            |
| Lighting                    | 10-25 | 2-12 | \$39,367                 | \$13,179                  | \$2,190                  | \$26,419                       | \$2,157                             |
| Mechanical Equipment        | 5-30  | 0-18 | \$1,595,650              | \$302,015                 | \$78,803                 | \$605,420                      | \$77,619                            |
| Miscellaneous               | 1-12  | 0-9  | \$67,075                 | \$11,237                  | \$12,625                 | \$22,525                       | \$12,435                            |
| Painting & Repairs          | 4-8   | 0-3  | \$525,150                | \$256,461                 | \$76,430                 | \$514,103                      | \$75,282                            |
| Pool                        | 2-15  | 0-13 | \$41,650                 | \$8,717                   | \$5,395                  | \$17,475                       | \$5,314                             |
| Rails & Gates               | 1-25  | 0-14 | \$38,460                 | \$10,937                  | \$7,770                  | \$21,924                       | \$7,654                             |
| Roofing                     | 20    | 8    | \$266,500                | \$79,766                  | \$13,325                 | \$159,900                      | \$13,125                            |
| Security Systems            | 5-20  | 0-19 | \$50,075                 | \$5,851                   | \$4,498                  | \$11,729                       | \$4,430                             |
| <b>Totals</b>               |       |      | <b>\$3,714,004</b>       | <b>\$855,151</b>          | <b>\$268,166</b>         | <b>\$1,714,240</b>             | <b>\$264,138</b>                    |

**Current Replacement Cost: \$3,714,004**

| Component                                                                                                                                                                            | UL                      | RL | Cost Per Unit      | Qty    | Current Cost | Future Cost | Source     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----|--------------------|--------|--------------|-------------|------------|
| Asphalt & Concrete Surfaces                                                                                                                                                          |                         |    |                    |        |              |             |            |
| Garage - Concrete Coating                                                                                                                                                            | 5                       | 0  | \$0.82/SF          | 8,000  | \$6,560      | \$6,560     | Inspector  |
| Garage - Patch/Repairs                                                                                                                                                               | 5                       | 0  | \$5,625.00/Total   | 1      | \$5,625      | \$5,625     | Inspector  |
| Allowance for repairs and patching for the garage surfaces. Amount and cycle may vary. To be reviewed annually and adjusted as needed to assure all future requirements will be met. |                         |    |                    |        |              |             |            |
| Garage - Seal & Repair                                                                                                                                                               | 5                       | 0  | \$0.94/SF          | 15,800 | \$14,892     | \$14,892    | Inspector  |
| Garage - Stripe (In-house)                                                                                                                                                           | Maintenance / Operating |    |                    |        |              |             | Management |
| Garage Deck - Drains (1-Time)                                                                                                                                                        | Other                   |    |                    |        |              |             | Management |
| Considered a 1-time needed expense. Not to be included in reserve funding plan.                                                                                                      |                         |    |                    |        |              |             |            |
| Totals                                                                                                                                                                               |                         |    |                    |        | \$27,077     | \$27,077    |            |
| Common Interior                                                                                                                                                                      |                         |    |                    |        |              |             |            |
| Carpeting - Hallways                                                                                                                                                                 | 10                      | 9  | \$92,250.00/Total  | 1      | \$92,250     | \$120,365   | Inspector  |
| Completed in 2013.                                                                                                                                                                   |                         |    |                    |        |              |             |            |
| Doors - Lobby Entry                                                                                                                                                                  | Other                   |    |                    |        |              |             | Management |
| Considered to have an extended life cycle. Time exempt component. Remianing life +20 years.                                                                                          |                         |    |                    |        |              |             |            |
| Doors - Lobby Entry Operator                                                                                                                                                         | 4                       | 0  | \$5,125.00/Total   | 1      | \$5,125      | \$5,125     | Inspector  |
| Doors - Locks (Safelok System)                                                                                                                                                       | 10                      | 1  | \$80,500.00/Total  | 1      | \$80,500     | \$82,915    | Inspector  |
| Drop Ceiling - Hallways                                                                                                                                                              | 20                      | 14 | \$36,050.00/Total  | 1      | \$36,050     | \$54,529    | Inspector  |
| Fitness - Bioforce Machine                                                                                                                                                           | 10                      | 5  | \$3,075.00/EA      | 1      | \$3,075      | \$3,565     | Inspector  |
| Fitness - Flooring                                                                                                                                                                   | 12                      | 11 | \$350.00/Total     | 1      | \$350        | \$484       | Management |
| Fitness - Step Machine                                                                                                                                                               | 7                       | 3  | \$4,100.00/EA      | 1      | \$4,100      | \$4,480     | Inspector  |
| Glass Assemblies (by elevators)                                                                                                                                                      | 20                      | 11 | \$30,750.00/Total  | 1      | \$30,750     | \$42,565    | Management |
| Ice Machines I (1)                                                                                                                                                                   | 12                      | 11 | \$5,150.00/EA      | 1      | \$5,150      | \$7,129     | Management |
| Ice Machines II (4)                                                                                                                                                                  | 12                      | 6  | \$6,150.00/EA      | 4      | \$24,600     | \$29,374    | Inspector  |
| Lobby - Refurbish                                                                                                                                                                    | 6                       | 5  | \$46,150.00/Total  | 1      | \$46,150     | \$53,500    | Management |
| Completed in 2013.                                                                                                                                                                   |                         |    |                    |        |              |             |            |
| Lobby - Tile Surfaces                                                                                                                                                                | 25                      | 24 | \$39,950.00/Total  | 1      | \$39,950     | \$81,210    | Management |
| Due to flooding the tile surfaces may be replaced outside of reserves. Awaiting additional information.                                                                              |                         |    |                    |        |              |             |            |
| RR - Hand Dryers                                                                                                                                                                     | Maintenance / Operating |    |                    |        |              |             | Management |
| RR - Refurbish (Fitness)                                                                                                                                                             | 15                      | 4  | \$2,050.00/EA      | 1      | \$2,050      | \$2,307     | Inspector  |
| RR - Refurbish (Lobby)                                                                                                                                                               | 15                      | 4  | \$10,250.00/EA     | 2      | \$20,500     | \$23,073    | Inspector  |
| Washers/Dryers - Guests                                                                                                                                                              | 8                       | 2  | \$1,025.00/EA      | 8      | \$8,200      | \$8,699     | Inspector  |
| Totals                                                                                                                                                                               |                         |    |                    |        | \$398,800    | \$519,322   |            |
| Elevators                                                                                                                                                                            |                         |    |                    |        |              |             |            |
| Elevators - Cab Refurbish                                                                                                                                                            | 12                      | 6  | \$16,400.00/EA     | 3      | \$49,200     | \$58,747    | Inspector  |
| Elevators - Testing/Maint.                                                                                                                                                           | Maintenance / Operating |    |                    |        |              |             | Management |
| Elevators - Upgrade Systems                                                                                                                                                          | 30                      | 24 | \$205,000.00/Total | 3      | \$615,000    | \$1,250,168 | Inspector  |
| Totals                                                                                                                                                                               |                         |    |                    |        | \$664,200    | \$1,308,916 |            |
| Lighting                                                                                                                                                                             |                         |    |                    |        |              |             |            |
| Entry Cover (RAB) Fixtures                                                                                                                                                           | 15                      | 12 | \$256.00/EA        | 13     | \$3,328      | \$4,745     | Inspector  |
| To Be repaired and or replaced on an as needed basis. Current allowance calls for 20% every 10 years. Amount and cycle to be addressed annually.                                     |                         |    |                    |        |              |             |            |



# Palms at Waikiki AOA Honolulu, HI

## Detail Component Report

Date: Oct 8, 2014

Units: 262

Fiscal Year End: Dec 31, 2014

Start Date: Jan 1, 2015

| Component                               | UL | RL | Cost Per Unit | Qty | Current Cost | Future Cost | Source    |
|-----------------------------------------|----|----|---------------|-----|--------------|-------------|-----------|
| Garage Fixtures - Ceiling (No Cover)    | 20 | 2  | \$205.00/EA   | 16  | \$3,280      | \$3,480     | Inspector |
| Garage Fixtures - Ceiling/Wall          | 20 | 5  | \$205.00/EA   | 105 | \$21,525     | \$24,953    | Inspector |
| Garage Fixtures - Exit                  | 20 | 7  | \$179.50/EA   | 14  | \$2,513      | \$3,091     | Inspector |
| Garage Fixtures - Wall (Sq)             | 20 | 2  | \$102.50/EA   | 27  | \$2,768      | \$2,936     | Inspector |
| Hallway Fixtures (PH Flr.)              | 25 | 9  | \$169.00/EA   | 13  | \$2,197      | \$2,867     | Inspector |
| Hallway Fixtures (Recessed) - Allowance | 10 | 7  | \$46.15/EA    | 407 | \$3,757      | \$4,620     | Inspector |

To Be repaired and or replaced on an as needed basis. Current allowance calls for 20% every 10 years. Amount and cycle to be addressed annually.

| Totals | \$39,367 | \$46,692 |
|--------|----------|----------|
|--------|----------|----------|

### Mechanical Equipment

|                                                             |       |    |                   |   |          |           |            |
|-------------------------------------------------------------|-------|----|-------------------|---|----------|-----------|------------|
| Air Handler (Mezzanine/Lobby)                               | 20    | 9  | \$80,000.00/Total | 1 | \$80,000 | \$104,382 | On File    |
| Air Handler - Roof/Hallway                                  | 20    | 14 | \$16,900.00/Total | 1 | \$16,900 | \$25,563  | On File    |
| Backflow Preventer (4")                                     | 15    | 0  | \$8,200.00/EA     | 1 | \$8,200  | \$8,200   | On File    |
| Boilers (HW)                                                | 25    | 18 | \$30,750.00/EA    | 2 | \$61,500 | \$104,700 | On File    |
| Booster Pump System (HW) '05                                | 15    | 2  | \$8,850.00/EA     | 2 | \$17,700 | \$18,778  | On File    |
| Chiller #1 (Back-up) - 120 Ton                              | Other |    |                   |   |          |           | Management |
| Back-up System. Not to be included in reserve funding plan. |       |    |                   |   |          |           |            |

|                                               |    |    |                |   |          |          |         |
|-----------------------------------------------|----|----|----------------|---|----------|----------|---------|
| Chiller #2 - 120 Ton (A)                      | 15 | 13 | \$65,500.00/EA | 1 | \$65,500 | \$96,189 | On File |
| Deposit payment for chiller #2 (new) in 2012. |    |    |                |   |          |          |         |

|                                                |    |    |                 |   |           |           |            |
|------------------------------------------------|----|----|-----------------|---|-----------|-----------|------------|
| Chiller #2 - 120 Ton (B)                       | 15 | 14 | \$164,000.00/EA | 1 | \$164,000 | \$248,065 | Management |
| Remaining work and payment to be made in 2014. |    |    |                 |   |           |           |            |

|                                                         |    |    |                 |   |           |           |     |
|---------------------------------------------------------|----|----|-----------------|---|-----------|-----------|-----|
| Chiller #2 - 120 Ton (C)                                | 15 | 14 | \$117,850.00/EA | 1 | \$117,850 | \$178,259 | Bid |
| Required Screen System. Additional Bids being gathered. |    |    |                 |   |           |           |     |

|                                                                   |    |    |                    |   |           |             |                |
|-------------------------------------------------------------------|----|----|--------------------|---|-----------|-------------|----------------|
| Chiller #3 (Hallway)                                              | 15 | 9  | \$55,250.00/EA     | 1 | \$55,250  | \$72,089    | On File        |
| Dom. Water Pump #1                                                | 15 | 13 | \$5,625.00/EA      | 1 | \$5,625   | \$8,261     | On File        |
| Dom. Water Pump #2                                                | 15 | 2  | \$5,625.00/EA      | 1 | \$5,625   | \$5,968     | On File        |
| Emerg. Generator (120KVA)                                         | 25 | 3  | \$87,200.00/EA     | 1 | \$87,200  | \$95,286    | On File        |
| Fire Booster Pump (P2) - 1.5hp                                    | 5  | 3  | \$2,050.00/EA      | 1 | \$2,050   | \$2,240     | On File        |
| Fire Booster Pump (P2) - 40hp                                     | 18 | 16 | \$28,200.00/EA     | 1 | \$28,200  | \$45,253    | On File        |
| Risers - Chill Water                                              | 25 | 14 | \$794,000.00/Total | 1 | \$794,000 | \$1,200,996 | Previous Study |
| Rooftop Exhaust Fans - Lg.                                        | 22 | 16 | \$4,100.00/EA      | 5 | \$20,500  | \$32,896    | On File        |
| Rooftop Exhaust Fans - Med.                                       | 22 | 16 | \$3,075.00/EA      | 2 | \$6,150   | \$9,869     | On File        |
| Storage Tanks (2/3) to 5 Tanks                                    | 12 | 11 | \$35,300.00/Total  | 1 | \$35,300  | \$48,863    | Management     |
| Storage Tanks 2 & 3 to be replaced in 2013 with 5 119 gal. tanks. |    |    |                    |   |           |             |                |

|                 |    |   |                   |   |          |          |         |
|-----------------|----|---|-------------------|---|----------|----------|---------|
| Transfer Switch | 30 | 5 | \$24,100.00/Total | 1 | \$24,100 | \$27,939 | On File |
|-----------------|----|---|-------------------|---|----------|----------|---------|

| Totals | \$1,595,650 | \$2,333,794 |
|--------|-------------|-------------|
|--------|-------------|-------------|

### Miscellaneous

|                                                                           |                         |                      |
|---------------------------------------------------------------------------|-------------------------|----------------------|
| BBQ                                                                       | Maintenance / Operating | Management           |
| Canopy - Entry                                                            | Maintenance / Operating | Awaiting Information |
| Garage Planter Boxes                                                      | Maintenance / Operating | Management           |
| To be handled on an as needed basis and funded from the operating budget. |                         |                      |



# Palms at Waikiki AOA Honolulu, HI

## Detail Component Report

Date: Oct 8, 2014

Units: 262

Fiscal Year End: Dec 31, 2014

Start Date: Jan 1, 2015

| Component                             | UL | RL | Cost Per Unit     | Qty | Current Cost | Future Cost | Source     |
|---------------------------------------|----|----|-------------------|-----|--------------|-------------|------------|
| PBX System                            | 12 | 9  | \$59,400.00/Total | 1   | \$59,400     | \$77,504    | Management |
| Plumbing Repairs - Annual Contingency | 1  | 0  | \$7,675.00/Total  | 1   | \$7,675      | \$7,675     | Management |

Annual contingency for plumbing repairs and replacements. Amount to be reviewed every year and adjusted accordingly to assure future requirements will be met.

|                                    |                         |  |  |  |  |  |                      |
|------------------------------------|-------------------------|--|--|--|--|--|----------------------|
| Safe Boxes                         | Maintenance / Operating |  |  |  |  |  | Management           |
| Unit Slide Doors (Incl. Frame) TBD | To be Determined        |  |  |  |  |  | Awaiting Information |

Awaiting additional information regarding timing and costs.

|                        |                         |  |  |  |  |  |            |
|------------------------|-------------------------|--|--|--|--|--|------------|
| Utilities - Electrical | Maintenance / Operating |  |  |  |  |  | Management |
| Windows (Common Area)  | Maintenance / Operating |  |  |  |  |  | Management |

To be handled on an as needed basis and funded from the operating budget.

**Totals \$67,075 \$85,179**

### Painting & Repairs

|                                                |   |   |                    |   |           |           |           |
|------------------------------------------------|---|---|--------------------|---|-----------|-----------|-----------|
| Ext. Surfaces - Paint/Waterproof               | 8 | 0 | \$432,500.00/Total | 1 | \$432,500 | \$432,500 | Inspector |
| Includes lanai and exterior building surfaces. |   |   |                    |   |           |           |           |

|                                   |   |   |                   |   |          |          |            |
|-----------------------------------|---|---|-------------------|---|----------|----------|------------|
| Int. Surfaces (In-House) - Paint  | 5 | 2 | \$15,900.00/Total | 1 | \$15,900 | \$16,868 | Inspector  |
| Spalling Repairs - Contingency I  | 4 | 3 | \$6,250.00/Total  | 1 | \$6,250  | \$6,830  | Management |
| Spalling Repairs - Contingency II | 4 | 0 | \$70,500.00/Total | 1 | \$70,500 | \$70,500 | Inspector  |

Contingency for spalling repairs. Costs may vary. For budgeting purposes only. To be reviewed and adjusted annually.

|                                        |       |  |  |  |  |  |            |
|----------------------------------------|-------|--|--|--|--|--|------------|
| Spalling Repairs - Gar. Major (1-Time) | Other |  |  |  |  |  | Management |
|----------------------------------------|-------|--|--|--|--|--|------------|

Considered a 1-time needed expense. Not to be included in reserve funding plan.

**Totals \$525,150 \$526,698**

### Pool

|                             |                         |    |                  |   |         |         |            |
|-----------------------------|-------------------------|----|------------------|---|---------|---------|------------|
| Pool - ADA Chair Lift       | 14                      | 12 | \$5,950.00/EA    | 1 | \$5,950 | \$8,483 | Inspector  |
| Pool - Chlorinator          | Maintenance / Operating |    |                  |   |         |         | Management |
| Pool - Deck Coating/Repairs | 2                       | 0  | \$3,075.00/Total | 1 | \$3,075 | \$3,075 | Inspector  |
| Pool - Deck Leak (1-Time)   | Other                   |    |                  |   |         |         | Management |

Considered a 1-time needed expense. Not to be included in reserve funding plan.

|                                |                         |    |                   |   |          |          |                |
|--------------------------------|-------------------------|----|-------------------|---|----------|----------|----------------|
| Pool - Filter                  | 10                      | 8  | \$2,200.00/EA     | 1 | \$2,200  | \$2,787  | Inspector      |
| Pool - Furnishings             | 6                       | 1  | \$10,750.00/Total | 1 | \$10,750 | \$11,073 | Inspector      |
| Pool - Pump/Motor              | Maintenance / Operating |    |                   |   |          |          | Management     |
| Pool - Resurface (Tile/Coping) | 15                      | 13 | \$16,400.00/Total | 1 | \$16,400 | \$24,084 | Inspector      |
| Pool - Safety Vacuum           | 10                      | 4  | \$3,275.00/EA     | 1 | \$3,275  | \$3,686  | Previous Study |

**Totals \$41,650 \$53,188**

### Rails & Gates

|                                                                                                                                                 |   |   |                  |   |         |         |         |
|-------------------------------------------------------------------------------------------------------------------------------------------------|---|---|------------------|---|---------|---------|---------|
| Lanai Rails - Annual Contingency                                                                                                                | 1 | 0 | \$5,125.00/Total | 1 | \$5,125 | \$5,125 | On File |
| Annual repair contingency for the Lanai Rails. Amount to be reviewed annually and adjusted as needed to assure future requirements will be met. |   |   |                  |   |         |         |         |

|                               |    |    |               |     |          |          |           |
|-------------------------------|----|----|---------------|-----|----------|----------|-----------|
| Pool Railings (4')            | 25 | 14 | \$55.25/LF    | 140 | \$7,735  | \$11,700 | Inspector |
| Vehicle Entry Gates (Roll-Up) | 25 | 14 | \$8,700.00/EA | 2   | \$17,400 | \$26,319 | Inspector |
| Vehicle Gate - Operator #1    | 5  | 1  | \$4,100.00/EA | 1   | \$4,100  | \$4,223  | Inspector |
| Vehicle Gate - Operator #2    | 5  | 2  | \$4,100.00/EA | 1   | \$4,100  | \$4,350  | Inspector |

**Totals \$38,460 \$51,717**



# Palms at Waikiki AOA Honolulu, HI

## Detail Component Report

Date: Oct 8, 2014

Units: 262

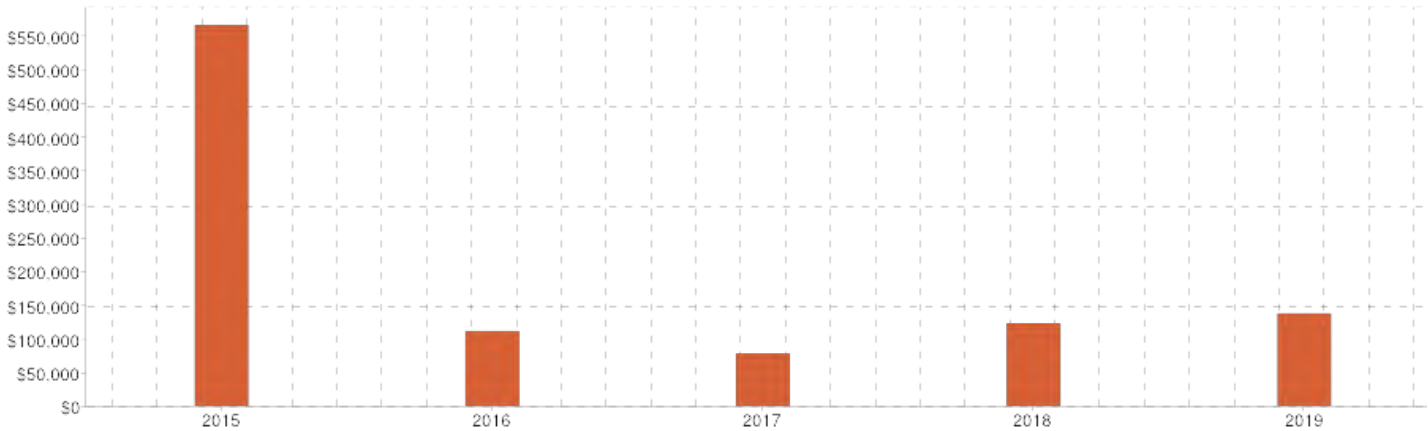
Fiscal Year End: Dec 31, 2014

Start Date: Jan 1, 2015

| Component                     | UL | RL | Cost Per Unit           | Qty           | Current Cost     | Future Cost      | Source     |
|-------------------------------|----|----|-------------------------|---------------|------------------|------------------|------------|
| <b>Roofing</b>                |    |    |                         |               |                  |                  |            |
| Roof Hatch (Not Used)         |    |    | Maintenance / Operating |               |                  |                  | Management |
| Roofing (Rubberized)          | 20 | 8  | \$266,500.00/Total      | 1             | \$266,500        | \$337,594        | Inspector  |
| Roofing - Maint./Repairs      |    |    | Maintenance / Operating |               |                  |                  | Management |
|                               |    |    |                         | <b>Totals</b> | <b>\$266,500</b> | <b>\$337,594</b> |            |
| <b>Security Systems</b>       |    |    |                         |               |                  |                  |            |
| Fire - Alarm Control System   | 20 | 19 | \$28,200.00/Total       | 1             | \$28,200         | \$49,449         | Inspector  |
| Fire - Door Assemblies        | 5  | 4  | \$4,775.00/Total        | 1             | \$4,775          | \$5,374          | Inspector  |
| Fire - Smoke Alarms           |    |    | Maintenance / Operating |               |                  |                  | Management |
| Security - Cameras            | 6  | 0  | \$5,725.00/Total        | 1             | \$5,725          | \$5,725          | Management |
| Security - Cameras/Monitors   | 6  | 5  | \$5,225.00/Total        | 1             | \$5,225          | \$6,057          | On File    |
| Security - Entry System (Gar) | 20 | 11 | \$6,150.00/EA           | 1             | \$6,150          | \$8,513          | Inspector  |
|                               |    |    |                         | <b>Totals</b> | <b>\$50,075</b>  | <b>\$75,118</b>  |            |

**Measure key:** Bldg = Building(s), EA = Each, LF = Linear Feet, LS = Lump Sum, Unit = Unit(s), SF = Square Feet, SY = Square Yard(s), SQ = Squares, Total = Total, Place(s) = Place(s)

5 Yr. Disbursement Chart



| Category                    | Component                             | Replacement Cost | Projected Cost   |
|-----------------------------|---------------------------------------|------------------|------------------|
| <b>2015</b>                 |                                       |                  |                  |
| Asphalt & Concrete Surfaces | Garage - Concrete Coating             | \$6,560          | \$6,560          |
| Asphalt & Concrete Surfaces | Garage - Patch/Repairs                | \$5,625          | \$5,625          |
| Asphalt & Concrete Surfaces | Garage - Seal & Repair                | \$14,892         | \$14,892         |
| Common Interior             | Doors - Lobby Entry Operator          | \$5,125          | \$5,125          |
| Mechanical Equipment        | Backflow Preventer (4")               | \$8,200          | \$8,200          |
| Miscellaneous               | Plumbing Repairs - Annual Contingency | \$7,675          | \$7,675          |
| Painting & Repairs          | Ext. Surfaces - Paint/Waterproof      | \$432,500        | \$432,500        |
| Painting & Repairs          | Spalling Repairs - Contingency II     | \$70,500         | \$70,500         |
| Pool                        | Pool - Deck Coating/Repairs           | \$3,075          | \$3,075          |
| Rails & Gates               | Lanai Rails - Annual Contingency      | \$5,125          | \$5,125          |
| Security Systems            | Security - Cameras                    | \$5,725          | \$5,725          |
| <b>Total for 2015:</b>      |                                       |                  | <b>\$565,002</b> |
| <b>2016</b>                 |                                       |                  |                  |
| Common Interior             | Doors - Locks (Safelok System)        | \$80,500         | \$82,915         |
| Miscellaneous               | Plumbing Repairs - Annual Contingency | \$7,675          | \$7,905          |
| Pool                        | Pool - Furnishings                    | \$10,750         | \$11,073         |
| Rails & Gates               | Lanai Rails - Annual Contingency      | \$5,125          | \$5,279          |
| Rails & Gates               | Vehicle Gate - Operator #1            | \$4,100          | \$4,223          |
| <b>Total for 2016:</b>      |                                       |                  | <b>\$111,395</b> |
| <b>2017</b>                 |                                       |                  |                  |
| Common Interior             | Washers/Dryers - Guests               | \$8,200          | \$8,699          |
| Lighting                    | Garage Fixtures - Ceiling (No Cover)  | \$3,280          | \$3,480          |
| Lighting                    | Garage Fixtures - Wall (Sq)           | \$2,768          | \$2,936          |
| Mechanical Equipment        | Booster Pump System (HW) '05          | \$17,700         | \$18,778         |
| Mechanical Equipment        | Dom. Water Pump #2                    | \$5,625          | \$5,968          |
| Miscellaneous               | Plumbing Repairs - Annual Contingency | \$7,675          | \$8,142          |
| Painting & Repairs          | Int. Surfaces (In-House) - Paint      | \$15,900         | \$16,868         |
| Pool                        | Pool - Deck Coating/Repairs           | \$3,075          | \$3,262          |
| Rails & Gates               | Lanai Rails - Annual Contingency      | \$5,125          | \$5,437          |
| Rails & Gates               | Vehicle Gate - Operator #2            | \$4,100          | \$4,350          |
| <b>Total for 2017:</b>      |                                       |                  | <b>\$77,920</b>  |
| <b>2018</b>                 |                                       |                  |                  |
| Common Interior             | Fitness - Step Machine                | \$4,100          | \$4,480          |

# 5 Year Disbursement Schedule



## Palms at Waikiki AOA Honolulu, HI

Date: Oct 8, 2014

Units: 262

Fiscal Year End: Dec 31, 2014

Start Date: Jan 1, 2015

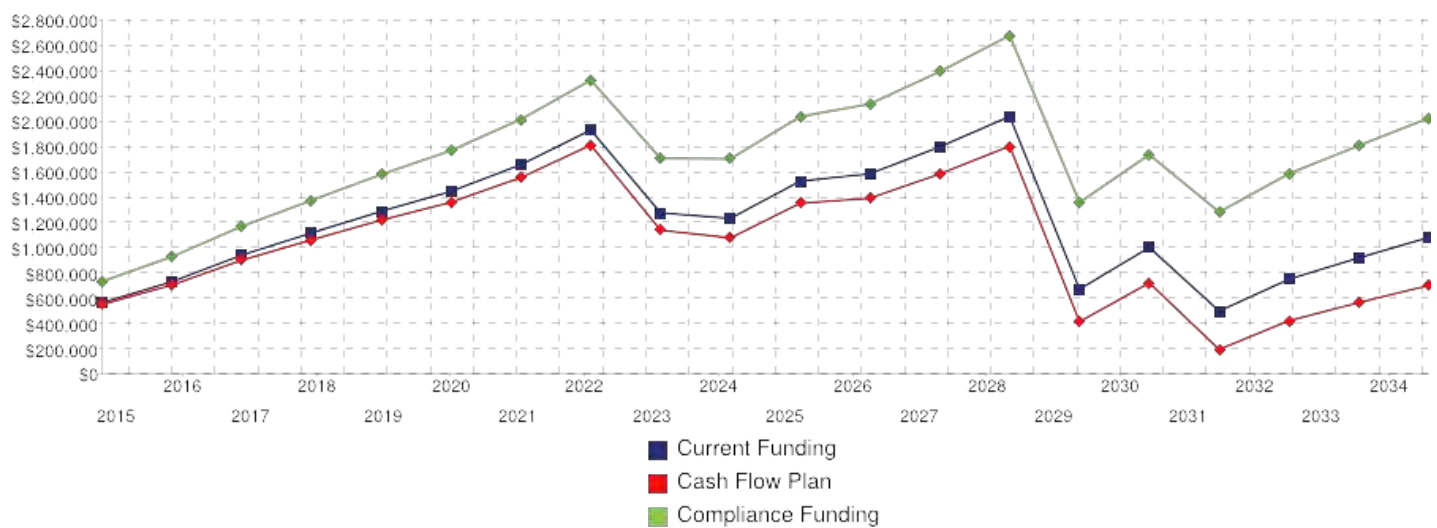
| Category               | Component                             | Replacement Cost | Projected Cost   |
|------------------------|---------------------------------------|------------------|------------------|
| Mechanical Equipment   | Emerg. Generator (120KVA)             | \$87,200         | \$95,286         |
| Mechanical Equipment   | Fire Booster Pump (P2) - 1.5hp        | \$2,050          | \$2,240          |
| Miscellaneous          | Plumbing Repairs - Annual Contingency | \$7,675          | \$8,387          |
| Painting & Repairs     | Spalling Repairs - Contingency I      | \$6,250          | \$6,830          |
| Rails & Gates          | Lanai Rails - Annual Contingency      | \$5,125          | \$5,600          |
| <b>Total for 2018:</b> |                                       |                  | <b>\$122,823</b> |
| <b>2019</b>            |                                       |                  |                  |
| Common Interior        | Doors - Lobby Entry Operator          | \$5,125          | \$5,768          |
| Common Interior        | RR - Refurbish (Fitness)              | \$2,050          | \$2,307          |
| Common Interior        | RR - Refurbish (Lobby)                | \$20,500         | \$23,073         |
| Miscellaneous          | Plumbing Repairs - Annual Contingency | \$7,675          | \$8,638          |
| Painting & Repairs     | Spalling Repairs - Contingency II     | \$70,500         | \$79,348         |
| Pool                   | Pool - Deck Coating/Repairs           | \$3,075          | \$3,461          |
| Pool                   | Pool - Safety Vacuum                  | \$3,275          | \$3,686          |
| Rails & Gates          | Lanai Rails - Annual Contingency      | \$5,125          | \$5,768          |
| Security Systems       | Fire - Door Assemblies                | \$4,775          | \$5,374          |
| <b>Total for 2019:</b> |                                       |                  | <b>\$137,423</b> |



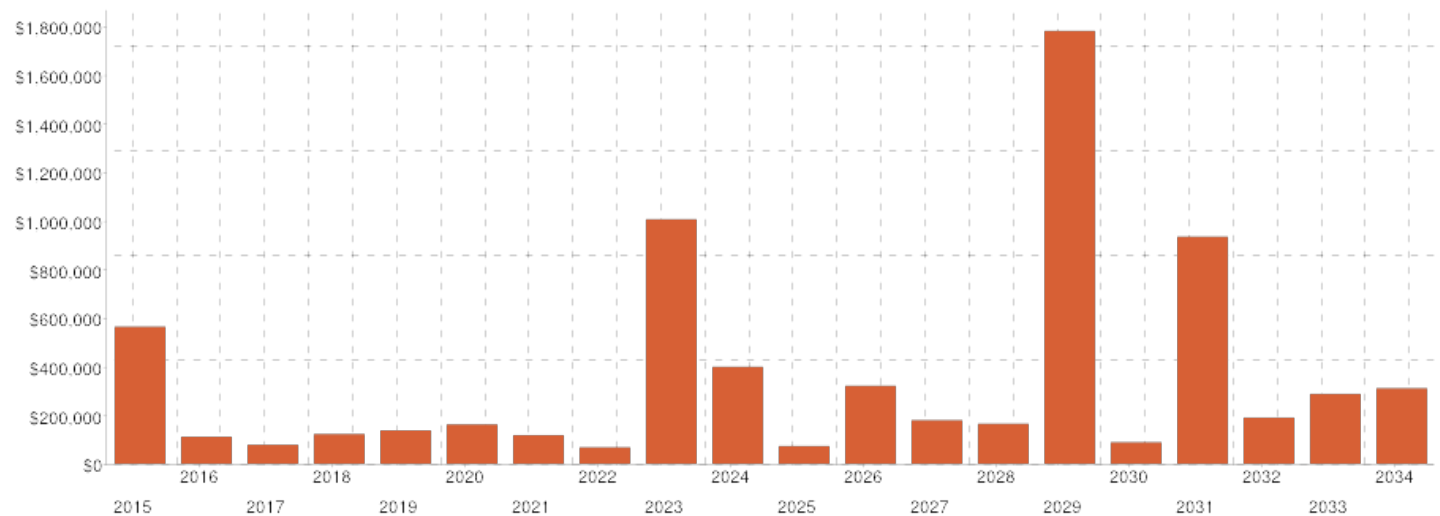
## Summary of Funding Models

| Funding Models  | Year 1 Annual Funding | Year 1 Per Unit Per Month | Will Meet All Disbursement Requirements 20 years | 1st Year of Reserve Deficit (If Applicable) | Average Reserve Balance 20 -Years | Average Percent Funded 20 -Years |
|-----------------|-----------------------|---------------------------|--------------------------------------------------|---------------------------------------------|-----------------------------------|----------------------------------|
| Current Funding | \$264,138             | \$84.01                   | Yes                                              | No Deficit                                  | \$1,556,665                       | 43%                              |
| Cash Flow Plan  | \$251,200             | \$79.90                   | Yes                                              | No Deficit                                  | \$1,379,916                       | 37%                              |
| Compliance      | \$432,000             | \$137.40                  | Yes                                              | No Deficit                                  | \$2,071,960                       | 61%                              |

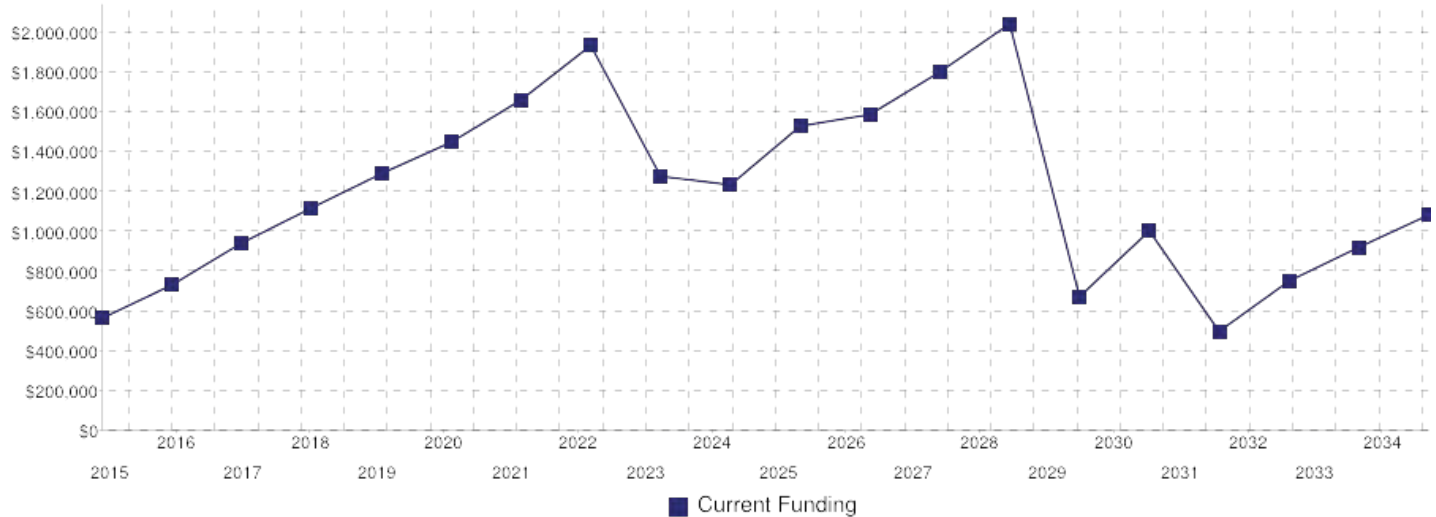
## Chart of Listed Funding Plans



## Annual Disbursement Chart



**Current Funding:** This option projects the Reserve Fund over the next 20 years based on a funding level equal to the Association's current assessments for reserve assets. If continued, this option should be reviewed annually and adjusted accordingly to ensure all future funding requirements will be met.



| Year | Annual Funding Amount | Avg. Monthly Fee Per Unit | Beginning Cash | Interest Earned | Reserve Funds | Projected Annual Disbursements | End Balance | Fully Funded Reserve | Percent Funded |
|------|-----------------------|---------------------------|----------------|-----------------|---------------|--------------------------------|-------------|----------------------|----------------|
| 2015 | \$264,138             | \$84.01                   | \$855,151      | \$7,047         | \$1,126,336   | \$565,002                      | \$561,335   | \$1,459,929          | 38%            |
| 2016 | \$272,062             | \$86.53                   | \$561,335      | \$6,417         | \$839,814     | \$111,395                      | \$728,419   | \$1,673,487          | 44%            |
| 2017 | \$280,224             | \$89.13                   | \$728,419      | \$8,296         | \$1,016,939   | \$77,920                       | \$939,018   | \$1,936,469          | 48%            |
| 2018 | \$288,631             | \$91.80                   | \$939,018      | \$10,219        | \$1,237,868   | \$122,823                      | \$1,115,046 | \$2,169,870          | 51%            |
| 2019 | \$297,290             | \$94.56                   | \$1,115,046    | \$11,950        | \$1,424,285   | \$137,425                      | \$1,286,861 | \$2,404,299          | 54%            |
| 2020 | \$306,208             | \$97.39                   | \$1,286,861    | \$13,588        | \$1,606,657   | \$162,242                      | \$1,444,415 | \$2,629,529          | 55%            |
| 2021 | \$315,395             | \$100.32                  | \$1,444,415    | \$15,427        | \$1,775,237   | \$118,808                      | \$1,656,429 | \$2,915,845          | 57%            |
| 2022 | \$324,856             | \$103.33                  | \$1,656,429    | \$17,844        | \$1,999,129   | \$68,959                       | \$1,930,170 | \$3,272,006          | 59%            |
| 2023 | \$334,602             | \$106.43                  | \$1,930,170    | \$15,941        | \$2,280,713   | \$1,006,766                    | \$1,273,948 | \$2,683,092          | 47%            |
| 2024 | \$344,640             | \$109.62                  | \$1,273,948    | \$12,462        | \$1,631,050   | \$400,137                      | \$1,230,913 | \$2,711,840          | 45%            |
| 2025 | \$354,979             | \$112.91                  | \$1,230,913    | \$13,713        | \$1,599,605   | \$74,253                       | \$1,525,351 | \$3,087,914          | 49%            |
| 2026 | \$365,629             | \$116.29                  | \$1,525,351    | \$15,471        | \$1,906,451   | \$322,146                      | \$1,584,305 | \$3,231,085          | 49%            |
| 2027 | \$376,598             | \$119.78                  | \$1,584,305    | \$16,824        | \$1,977,727   | \$180,363                      | \$1,797,364 | \$3,536,053          | 51%            |
| 2028 | \$387,896             | \$123.38                  | \$1,797,364    | \$19,082        | \$2,204,342   | \$166,128                      | \$2,038,214 | \$3,876,652          | 53%            |
| 2029 | \$399,532             | \$127.08                  | \$2,038,214    | \$13,472        | \$2,451,218   | \$1,781,619                    | \$669,599   | \$2,575,672          | 26%            |
| 2030 | \$411,518             | \$130.89                  | \$669,599      | \$8,306         | \$1,089,424   | \$89,430                       | \$999,994   | \$2,991,157          | 33%            |
| 2031 | \$423,864             | \$134.82                  | \$999,994      | \$7,442         | \$1,431,300   | \$935,464                      | \$495,837   | \$2,560,607          | 19%            |
| 2032 | \$436,580             | \$138.86                  | \$495,837      | \$6,188         | \$938,605     | \$190,667                      | \$747,938   | \$2,897,572          | 26%            |
| 2033 | \$449,677             | \$143.03                  | \$747,938      | \$8,286         | \$1,205,901   | \$288,307                      | \$917,594   | \$3,157,776          | 29%            |
| 2034 | \$463,168             | \$147.32                  | \$917,594      | \$9,935         | \$1,390,697   | \$311,379                      | \$1,079,318 | \$3,416,129          | 32%            |

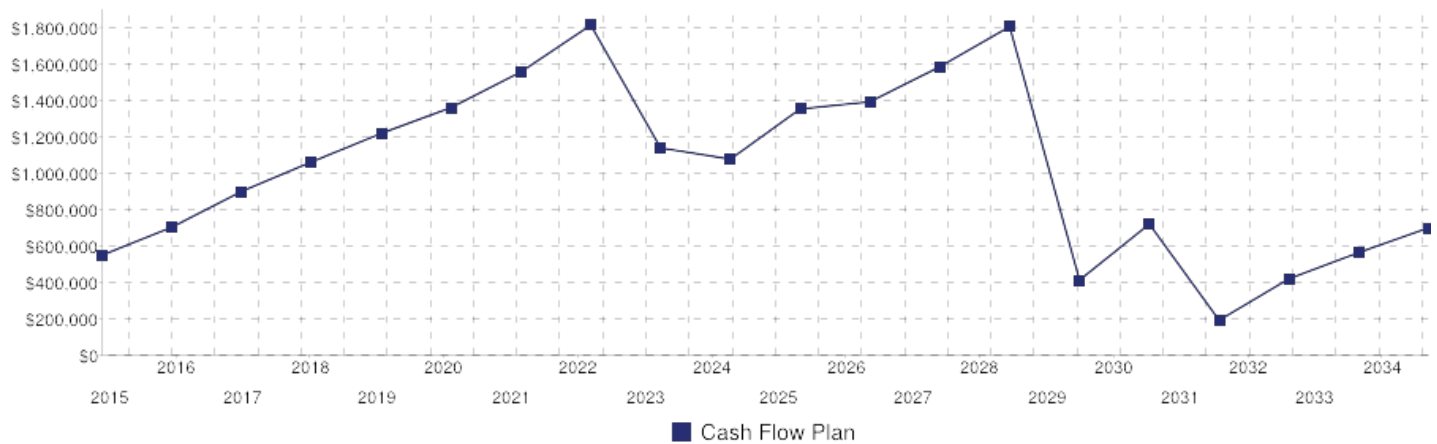
Inflation Rate: 3.00%

Interest Rate: 1.00%

Reserve Contribution Increase: 3.00%

**Threshold: \$190,000**

**Cash Flow Plan:** This funding plan follows the definition of the "**Cash Flow Plan**" meaning a minimum twenty-year projection of an association's future income and expense requirements to fund fully it's replacement reserves requirements each year during that twenty-year period, except in an emergency; provided that it does not include a projection of special assessments or loans during that twenty-year period. This funding requirement is calculated with the constraint that the ending reserve balance for each year (1 through 20) must be greater than or equal to five percent (5%) of the current replacement cost (see designated threshold). The calculation takes into consideration only the immediate total annual disbursement requirements and does not take into account annual funding percentages. Due to this fact, annual allocations may fluctuate widely from year to year. This option provides a minimal contingency for unanticipated emergency expenditures. If implemented, funding and required disbursements should be reviewed on an annual basis and adjusted as required to ensure current and future funding requirements will be met.



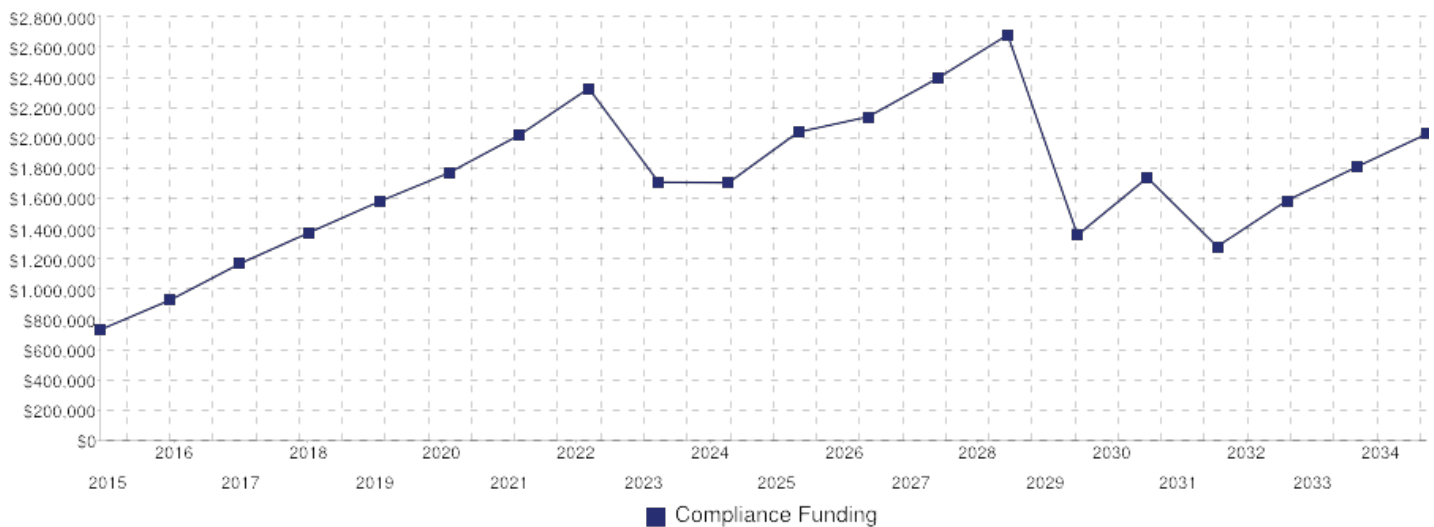
| Year | Annual Funding Amount | Avg. Monthly Fee Per Unit | Beginning Cash | Interest Earned | Reserve Funds | Projected Annual Disbursements | End Balance | Fully Funded Reserve | Percent Funded |
|------|-----------------------|---------------------------|----------------|-----------------|---------------|--------------------------------|-------------|----------------------|----------------|
| 2015 | \$251,200             | \$79.90                   | \$855,151      | \$6,983         | \$1,113,334   | \$565,002                      | \$548,332   | \$1,459,929          | 38%            |
| 2016 | \$258,736             | \$82.30                   | \$548,332      | \$6,220         | \$813,288     | \$111,395                      | \$701,894   | \$1,673,487          | 42%            |
| 2017 | \$266,498             | \$84.76                   | \$701,894      | \$7,962         | \$976,353     | \$77,920                       | \$898,433   | \$1,936,469          | 46%            |
| 2018 | \$274,493             | \$87.31                   | \$898,433      | \$9,743         | \$1,182,669   | \$122,823                      | \$1,059,846 | \$2,169,870          | 49%            |
| 2019 | \$282,728             | \$89.93                   | \$1,059,846    | \$11,325        | \$1,353,899   | \$137,425                      | \$1,216,474 | \$2,404,299          | 51%            |
| 2020 | \$291,210             | \$92.62                   | \$1,216,474    | \$12,810        | \$1,520,494   | \$162,242                      | \$1,358,251 | \$2,629,529          | 52%            |
| 2021 | \$299,946             | \$95.40                   | \$1,358,251    | \$14,488        | \$1,672,686   | \$118,808                      | \$1,553,877 | \$2,915,845          | 53%            |
| 2022 | \$308,944             | \$98.26                   | \$1,553,877    | \$16,739        | \$1,879,560   | \$68,959                       | \$1,810,602 | \$3,272,006          | 55%            |
| 2023 | \$318,213             | \$101.21                  | \$1,810,602    | \$14,663        | \$2,143,478   | \$1,006,766                    | \$1,136,712 | \$2,683,092          | 42%            |
| 2024 | \$327,759             | \$104.25                  | \$1,136,712    | \$11,005        | \$1,475,476   | \$400,137                      | \$1,075,339 | \$2,711,840          | 40%            |
| 2025 | \$337,592             | \$107.38                  | \$1,075,339    | \$12,070        | \$1,425,001   | \$74,253                       | \$1,350,748 | \$3,087,914          | 44%            |
| 2026 | \$347,720             | \$110.60                  | \$1,350,748    | \$13,635        | \$1,712,102   | \$322,146                      | \$1,389,957 | \$3,231,085          | 43%            |
| 2027 | \$358,151             | \$113.92                  | \$1,389,957    | \$14,789        | \$1,762,896   | \$180,363                      | \$1,582,533 | \$3,536,053          | 45%            |
| 2028 | \$368,896             | \$117.33                  | \$1,582,533    | \$16,839        | \$1,968,268   | \$166,128                      | \$1,802,140 | \$3,876,652          | 46%            |
| 2029 | \$379,963             | \$120.85                  | \$1,802,140    | \$11,013        | \$2,193,116   | \$1,781,619                    | \$411,497   | \$2,575,672          | 16%            |
| 2030 | \$391,361             | \$124.48                  | \$411,497      | \$5,625         | \$808,483     | \$89,430                       | \$719,053   | \$2,991,157          | 24%            |
| 2031 | \$403,102             | \$128.21                  | \$719,053      | \$4,529         | \$1,126,684   | \$935,464                      | \$191,221   | \$2,560,607          | 7%             |
| 2032 | \$415,195             | \$132.06                  | \$191,221      | \$3,035         | \$609,451     | \$190,667                      | \$418,784   | \$2,897,572          | 14%            |
| 2033 | \$427,651             | \$136.02                  | \$418,784      | \$4,885         | \$851,320     | \$288,307                      | \$563,013   | \$3,157,776          | 18%            |
| 2034 | \$440,481             | \$140.10                  | \$563,013      | \$6,276         | \$1,009,769   | \$311,379                      | \$698,390   | \$3,416,129          | 20%            |

Inflation Rate: 3.00%

Interest Rate: 1.00%

Reserve Contribution Increase: 3.00%

**Hawaii - Compliance Funding (50%):** This option projects the lowest annual funding feasible over the next 20 years which will meet statutory reserve requirements. This funding level is calculated to achieve the Statutory Replacement Reserve (50% of the Full Replacement Reserve) by the end of year one of the report and maintain the minimum 50% funded level throughout the remaining 20 years. This method of funding considers total disbursements one year at a time and annual requirements may fluctuate widely. If implemented, this allocation should be reviewed on a regular basis and adjusted as required to ensure future-funding requirements will be met. The annual percentage funded projections are based on the assumption that reserve components and their useful lives will remain constant, that the remaining life will decrease by one each year, and that actual reserve contributions, inflation, and interest will equate to the respective projected values.



| Year | Annual Funding Amount | Avg. Monthly Fee Per Unit | Beginning Cash | Interest Earned | Reserve Funds | Projected Annual Disbursements | End Balance | Fully Funded Reserve | Percent Funded |
|------|-----------------------|---------------------------|----------------|-----------------|---------------|--------------------------------|-------------|----------------------|----------------|
| 2015 | \$432,000             | \$137.40                  | \$855,151      | \$7,887         | \$1,295,038   | \$565,002                      | \$730,037   | \$1,459,929          | 50%            |
| 2016 | \$299,100             | \$95.13                   | \$730,037      | \$8,239         | \$1,037,376   | \$111,395                      | \$925,982   | \$1,673,487          | 55%            |
| 2017 | \$308,073             | \$97.99                   | \$925,982      | \$10,411        | \$1,244,466   | \$77,920                       | \$1,166,546 | \$1,936,469          | 60%            |
| 2018 | \$317,315             | \$100.93                  | \$1,166,546    | \$12,638        | \$1,496,499   | \$122,823                      | \$1,373,676 | \$2,169,870          | 63%            |
| 2019 | \$326,834             | \$103.95                  | \$1,373,676    | \$14,684        | \$1,715,194   | \$137,425                      | \$1,577,769 | \$2,404,299          | 66%            |
| 2020 | \$336,639             | \$107.07                  | \$1,577,769    | \$16,650        | \$1,931,058   | \$162,242                      | \$1,768,816 | \$2,629,529          | 67%            |
| 2021 | \$346,738             | \$110.29                  | \$1,768,816    | \$18,828        | \$2,134,382   | \$118,808                      | \$2,015,574 | \$2,915,845          | 69%            |
| 2022 | \$357,140             | \$113.59                  | \$2,015,574    | \$21,597        | \$2,394,311   | \$68,959                       | \$2,325,352 | \$3,272,006          | 71%            |
| 2023 | \$367,854             | \$117.00                  | \$2,325,352    | \$20,059        | \$2,713,265   | \$1,006,766                    | \$1,706,499 | \$2,683,092          | 64%            |
| 2024 | \$378,890             | \$120.51                  | \$1,706,499    | \$16,959        | \$2,102,348   | \$400,137                      | \$1,702,211 | \$2,711,840          | 63%            |
| 2025 | \$390,257             | \$124.13                  | \$1,702,211    | \$18,602        | \$2,111,070   | \$74,253                       | \$2,036,817 | \$3,087,914          | 66%            |
| 2026 | \$401,965             | \$127.85                  | \$2,036,817    | \$20,767        | \$2,459,549   | \$322,146                      | \$2,137,403 | \$3,231,085          | 66%            |
| 2027 | \$414,024             | \$131.69                  | \$2,137,403    | \$22,542        | \$2,573,969   | \$180,363                      | \$2,393,606 | \$3,536,053          | 68%            |
| 2028 | \$426,445             | \$135.64                  | \$2,393,606    | \$25,238        | \$2,845,289   | \$166,128                      | \$2,679,161 | \$3,876,652          | 69%            |
| 2029 | \$439,238             | \$139.71                  | \$2,679,161    | \$20,080        | \$3,138,479   | \$1,781,619                    | \$1,356,860 | \$2,575,672          | 53%            |
| 2030 | \$452,415             | \$143.90                  | \$1,356,860    | \$15,384        | \$1,824,659   | \$89,430                       | \$1,735,229 | \$2,991,157          | 58%            |
| 2031 | \$465,987             | \$148.21                  | \$1,735,229    | \$15,005        | \$2,216,221   | \$935,464                      | \$1,280,757 | \$2,560,607          | 50%            |
| 2032 | \$479,967             | \$152.66                  | \$1,280,757    | \$14,254        | \$1,774,978   | \$190,667                      | \$1,584,311 | \$2,897,572          | 55%            |
| 2033 | \$494,366             | \$157.24                  | \$1,584,311    | \$16,873        | \$2,095,550   | \$288,307                      | \$1,807,243 | \$3,157,776          | 57%            |
| 2034 | \$509,197             | \$161.96                  | \$1,807,243    | \$19,062        | \$2,335,502   | \$311,379                      | \$2,024,123 | \$3,416,129          | 59%            |

Inflation Rate: 3.00%

Interest Rate: 1.00%

Reserve Contribution Increase: 3.00%



## Property Information

Number of Units: **262**  
 Fiscal Year End: **Dec 31, 2014**  
 Fiscal Year Start: **Jan 1, 2015**  
 Location: **Honolulu, HI**  
 Age of Project: **46 Years**

## Financial Information

Projected Reserve Fund Balance: **\$855,151**  
 Projected Fully Funded Reserve: **\$1,714,240**  
 Deficit/Surplus vs. Fully Funded Reserve: **(\$859,089) or (\$3,278.95) Per Unit Avg.**  
 Percentage Funded: **50%**  
 Current Replacement Cost: **\$3,714,004**

## Current Funding Chart

| Year | Annual Funding Amount | Average Monthly Fee Per Unit | Projected Annual Disbursements | Year-End Balance | Fully Funded Reserve | Percent Funded |
|------|-----------------------|------------------------------|--------------------------------|------------------|----------------------|----------------|
| 2015 | \$264,138             | \$84.01                      | \$565,002                      | \$561,335        | \$1,459,929          | 38%            |
| 2016 | \$272,062             | \$86.53                      | \$111,395                      | \$728,419        | \$1,673,487          | 44%            |
| 2017 | \$280,224             | \$89.13                      | \$77,920                       | \$939,018        | \$1,936,469          | 48%            |
| 2018 | \$288,631             | \$91.80                      | \$122,823                      | \$1,115,046      | \$2,169,870          | 51%            |
| 2019 | \$297,290             | \$94.56                      | \$137,425                      | \$1,286,861      | \$2,404,299          | 54%            |
| 2020 | \$306,208             | \$97.39                      | \$162,242                      | \$1,444,415      | \$2,629,529          | 55%            |
| 2021 | \$315,395             | \$100.32                     | \$118,808                      | \$1,656,429      | \$2,915,845          | 57%            |
| 2022 | \$324,856             | \$103.33                     | \$68,959                       | \$1,930,170      | \$3,272,006          | 59%            |
| 2023 | \$334,602             | \$106.43                     | \$1,006,766                    | \$1,273,948      | \$2,683,092          | 47%            |
| 2024 | \$344,640             | \$109.62                     | \$400,137                      | \$1,230,913      | \$2,711,840          | 45%            |
| 2025 | \$354,979             | \$112.91                     | \$74,253                       | \$1,525,351      | \$3,087,914          | 49%            |
| 2026 | \$365,629             | \$116.29                     | \$322,146                      | \$1,584,305      | \$3,231,085          | 49%            |
| 2027 | \$376,598             | \$119.78                     | \$180,363                      | \$1,797,364      | \$3,536,053          | 51%            |
| 2028 | \$387,896             | \$123.38                     | \$166,128                      | \$2,038,214      | \$3,876,652          | 53%            |
| 2029 | \$399,532             | \$127.08                     | \$1,781,619                    | \$669,599        | \$2,575,672          | 26%            |
| 2030 | \$411,518             | \$130.89                     | \$89,430                       | \$999,994        | \$2,991,157          | 33%            |
| 2031 | \$423,864             | \$134.82                     | \$935,464                      | \$495,837        | \$2,560,607          | 19%            |
| 2032 | \$436,580             | \$138.86                     | \$190,667                      | \$747,938        | \$2,897,572          | 26%            |
| 2033 | \$449,677             | \$143.03                     | \$288,307                      | \$917,594        | \$3,157,776          | 29%            |
| 2034 | \$463,168             | \$147.32                     | \$311,379                      | \$1,079,318      | \$3,416,129          | 32%            |

# Reserve Study Executive Summary



## Palms at Waikiki AOA Honolulu, HI

Date: Oct 8, 2014

Units: 262

Fiscal Year End: Dec 31, 2014

Start Date: Jan 1, 2015

## Reserve Components

| Component                               | Useful Life             | Rem. Life | Current Cost |
|-----------------------------------------|-------------------------|-----------|--------------|
| Asphalt & Concrete Surfaces             |                         |           |              |
| Garage - Concrete Coating               | 5                       | 0         | \$6,560      |
| Garage - Patch/Repairs                  | 5                       | 0         | \$5,625      |
| Garage - Seal & Repair                  | 5                       | 0         | \$14,892     |
| Garage - Stripe (In-house)              | Maintenance / Operating |           |              |
| Garage Deck - Drains (1-Time)           | Other                   |           |              |
| Common Interior                         |                         |           |              |
| Carpeting - Hallways                    | 10                      | 9         | \$92,250     |
| Doors - Lobby Entry                     | Other                   |           |              |
| Doors - Lobby Entry Operator            | 4                       | 0         | \$5,125      |
| Doors - Locks (Safelok System)          | 10                      | 1         | \$80,500     |
| Drop Ceiling - Hallways                 | 20                      | 14        | \$36,050     |
| Fitness - Bioforce Machine              | 10                      | 5         | \$3,075      |
| Fitness - Flooring                      | 12                      | 11        | \$350        |
| Fitness - Step Machine                  | 7                       | 3         | \$4,100      |
| Glass Assemblies (by elevators)         | 20                      | 11        | \$30,750     |
| Ice Machines I (1)                      | 12                      | 11        | \$5,150      |
| Ice Machines II (4)                     | 12                      | 6         | \$24,600     |
| Lobby - Refurbish                       | 6                       | 5         | \$46,150     |
| Lobby - Tile Surfaces                   | 25                      | 24        | \$39,950     |
| RR - Hand Dryers                        | Maintenance / Operating |           |              |
| RR - Refurbish (Fitness)                | 15                      | 4         | \$2,050      |
| RR - Refurbish (Lobby)                  | 15                      | 4         | \$20,500     |
| Washers/Dryers - Guests                 | 8                       | 2         | \$8,200      |
| Elevators                               |                         |           |              |
| Elevators - Cab Refurbish               | 12                      | 6         | \$49,200     |
| Elevators - Testing/Maint.              | Maintenance / Operating |           |              |
| Elevators - Upgrade Systems             | 30                      | 24        | \$615,000    |
| Lighting                                |                         |           |              |
| Entry Cover (RAB) Fixtures              | 15                      | 12        | \$3,328      |
| Garage Fixtures - Ceiling (No Cover)    | 20                      | 2         | \$3,280      |
| Garage Fixtures - Ceiling/Wall          | 20                      | 5         | \$21,525     |
| Garage Fixtures - Exit                  | 20                      | 7         | \$2,513      |
| Garage Fixtures - Wall (Sq)             | 20                      | 2         | \$2,768      |
| Hallway Fixtures (PH Flr.)              | 25                      | 9         | \$2,197      |
| Hallway Fixtures (Recessed) - Allowance | 10                      | 7         | \$3,757      |
| Mechanical Equipment                    |                         |           |              |
| Air Handler (Mezzanine/Lobby)           | 20                      | 9         | \$80,000     |
| Air Handler - Roof/Hallway              | 20                      | 14        | \$16,900     |
| Backflow Preventer (4")                 | 15                      | 0         | \$8,200      |
| Boilers (HW)                            | 25                      | 18        | \$61,500     |
| Booster Pump System (HW) '05            | 15                      | 2         | \$17,700     |
| Chiller #1 (Back-up) - 120 Ton          | Other                   |           |              |
| Chiller #2 - 120 Ton (A)                | 15                      | 13        | \$65,500     |
| Chiller #2 - 120 Ton (B)                | 15                      | 14        | \$164,000    |
| Chiller #2 - 120 Ton (C)                | 15                      | 14        | \$117,850    |

# Reserve Study Executive Summary



## Palms at Waikiki AOA Honolulu, HI

Date: Oct 8, 2014

Units: 262

Fiscal Year End: Dec 31, 2014

Start Date: Jan 1, 2015

| Component                              | Useful Life             | Rem. Life | Current Cost |
|----------------------------------------|-------------------------|-----------|--------------|
| Chiller #3 (Hallway)                   | 15                      | 9         | \$55,250     |
| Dom. Water Pump #1                     | 15                      | 13        | \$5,625      |
| Dom. Water Pump #2                     | 15                      | 2         | \$5,625      |
| Emerg. Generator (120KVA)              | 25                      | 3         | \$87,200     |
| Fire Booster Pump (P2) - 1.5hp         | 5                       | 3         | \$2,050      |
| Fire Booster Pump (P2) - 40hp          | 18                      | 16        | \$28,200     |
| Risers - Chill Water                   | 25                      | 14        | \$794,000    |
| Rooftop Exhaust Fans - Lg.             | 22                      | 16        | \$20,500     |
| Rooftop Exhaust Fans - Med.            | 22                      | 16        | \$6,150      |
| Storage Tanks (2/3) to 5 Tanks         | 12                      | 11        | \$35,300     |
| Transfer Switch                        | 30                      | 5         | \$24,100     |
| Miscellaneous                          |                         |           |              |
| BBQ                                    | Maintenance / Operating |           |              |
| Canopy - Entry                         | Maintenance / Operating |           |              |
| Garage Planter Boxes                   | Maintenance / Operating |           |              |
| PBX System                             | 12                      | 9         | \$59,400     |
| Plumbing Repairs - Annual Contingency  | 1                       | 0         | \$7,675      |
| Safe Boxes                             | Maintenance / Operating |           |              |
| Unit Slide Doors (Incl. Frame) TBD     | To be Determined        |           |              |
| Utilities - Electrical                 | Maintenance / Operating |           |              |
| Windows (Common Area)                  | Maintenance / Operating |           |              |
| Painting & Repairs                     |                         |           |              |
| Ext. Surfaces - Paint/Waterproof       | 8                       | 0         | \$432,500    |
| Int. Surfaces (In-House) - Paint       | 5                       | 2         | \$15,900     |
| Spalling Repairs - Contingency I       | 4                       | 3         | \$6,250      |
| Spalling Repairs - Contingency II      | 4                       | 0         | \$70,500     |
| Spalling Repairs - Gar. Major (1-Time) | Other                   |           |              |
| Pool                                   |                         |           |              |
| Pool - ADA Chair Lift                  | 14                      | 12        | \$5,950      |
| Pool - Chlorinator                     | Maintenance / Operating |           |              |
| Pool - Deck Coating/Repairs            | 2                       | 0         | \$3,075      |
| Pool - Deck Leak (1-Time)              | Other                   |           |              |
| Pool - Filter                          | 10                      | 8         | \$2,200      |
| Pool - Furnishings                     | 6                       | 1         | \$10,750     |
| Pool - Pump/Motor                      | Maintenance / Operating |           |              |
| Pool - Resurface (Tile/Coping)         | 15                      | 13        | \$16,400     |
| Pool - Safety Vacuum                   | 10                      | 4         | \$3,275      |
| Rails & Gates                          |                         |           |              |
| Lanai Rails - Annual Contingency       | 1                       | 0         | \$5,125      |
| Pool Railings (4')                     | 25                      | 14        | \$7,735      |
| Vehicle Entry Gates (Roll-Up)          | 25                      | 14        | \$17,400     |
| Vehicle Gate - Operator #1             | 5                       | 1         | \$4,100      |
| Vehicle Gate - Operator #2             | 5                       | 2         | \$4,100      |
| Roofing                                |                         |           |              |
| Roof Hatch (Not Used)                  | Maintenance / Operating |           |              |
| Roofing (Rubberized)                   | 20                      | 8         | \$266,500    |
| Roofing - Maint./Repairs               | Maintenance / Operating |           |              |
| Security Systems                       |                         |           |              |



# Reserve Study Executive Summary



## Palms at Waikiki AOA Honolulu, HI

Date: Oct 8, 2014

Units: 262

Fiscal Year End: Dec 31, 2014

Start Date: Jan 1, 2015

| Component                             | Useful Life             | Rem. Life | Current Cost       |
|---------------------------------------|-------------------------|-----------|--------------------|
| Fire - Alarm Control System           | 20                      | 19        | \$28,200           |
| Fire - Door Assemblies                | 5                       | 4         | \$4,775            |
| Fire - Smoke Alarms                   | Maintenance / Operating |           |                    |
| Security - Cameras                    | 6                       | 0         | \$5,725            |
| Security - Cameras/Monitors           | 6                       | 5         | \$5,225            |
| Security - Entry System (Gar)         | 20                      | 11        | \$6,150            |
| <b>Current Replacement Cost Total</b> |                         |           | <b>\$3,714,004</b> |



**Percentage Funded: 50%**

| Component                               | UL | RL | Calc.<br>Yrs. in<br>Service | Current<br>Replacement<br>Cost | Projected<br>Reserve<br>Balance | Required<br>Reserve<br>Funding | Projected<br>Fully<br>Funded<br>Reserve | Annual<br>Current<br>Funding<br>Allocation |
|-----------------------------------------|----|----|-----------------------------|--------------------------------|---------------------------------|--------------------------------|-----------------------------------------|--------------------------------------------|
|                                         | A  | B  | C                           | D                              | E                               | F                              | G                                       | H                                          |
| <b>Asphalt &amp; Concrete Surfaces</b>  |    |    |                             |                                |                                 |                                |                                         |                                            |
| Garage - Concrete Coating               | 5  | 0  | 5                           | \$6,560                        | \$3,272                         | \$1,312                        | \$6,560                                 | \$1,292                                    |
| Garage - Patch/Repairs                  | 5  | 0  | 5                           | \$5,625                        | \$2,806                         | \$1,125                        | \$5,625                                 | \$1,108                                    |
| Garage - Seal & Repair                  | 5  | 0  | 5                           | \$14,892                       | \$7,429                         | \$2,978                        | \$14,892                                | \$2,934                                    |
| <b>Total</b>                            |    |    |                             | <b>\$27,077</b>                | <b>\$13,507</b>                 | <b>\$5,415</b>                 | <b>\$27,077</b>                         | <b>\$5,334</b>                             |
| <b>Common Interior</b>                  |    |    |                             |                                |                                 |                                |                                         |                                            |
| Carpeting - Hallways                    | 10 | 9  | 1                           | \$92,250                       | \$4,602                         | \$9,225                        | \$9,225                                 | \$9,086                                    |
| Doors - Lobby Entry Operator            | 4  | 0  | 4                           | \$5,125                        | \$2,557                         | \$1,281                        | \$5,125                                 | \$1,262                                    |
| Doors - Locks (Safelok System)          | 10 | 1  | 9                           | \$80,500                       | \$36,142                        | \$8,050                        | \$72,450                                | \$7,929                                    |
| Drop Ceiling - Hallways                 | 20 | 14 | 6                           | \$36,050                       | \$5,395                         | \$1,803                        | \$10,815                                | \$1,775                                    |
| Fitness - Bioforce Machine              | 10 | 5  | 5                           | \$3,075                        | \$767                           | \$308                          | \$1,538                                 | \$303                                      |
| Fitness - Flooring                      | 12 | 11 | 1                           | \$350                          | \$14                            | \$29                           | \$29                                    | \$29                                       |
| Fitness - Step Machine                  | 7  | 3  | 4                           | \$4,100                        | \$1,169                         | \$586                          | \$2,343                                 | \$577                                      |
| Glass Assemblies (by elevators)         | 20 | 11 | 9                           | \$30,750                       | \$6,903                         | \$1,538                        | \$13,838                                | \$1,514                                    |
| Ice Machines I (1)                      | 12 | 11 | 1                           | \$5,150                        | \$214                           | \$429                          | \$429                                   | \$423                                      |
| Ice Machines II (4)                     | 12 | 6  | 6                           | \$24,600                       | \$6,136                         | \$2,050                        | \$12,300                                | \$2,019                                    |
| Lobby - Refurbish                       | 6  | 5  | 1                           | \$46,150                       | \$3,837                         | \$7,692                        | \$7,692                                 | \$7,576                                    |
| Lobby - Tile Surfaces                   | 25 | 24 | 1                           | \$39,950                       | \$797                           | \$1,598                        | \$1,598                                 | \$1,574                                    |
| RR - Refurbish (Fitness)                | 15 | 4  | 11                          | \$2,050                        | \$750                           | \$137                          | \$1,503                                 | \$135                                      |
| RR - Refurbish (Lobby)                  | 15 | 4  | 11                          | \$20,500                       | \$7,499                         | \$1,367                        | \$15,033                                | \$1,346                                    |
| Washers/Dryers - Guests                 | 8  | 2  | 6                           | \$8,200                        | \$3,068                         | \$1,025                        | \$6,150                                 | \$1,010                                    |
| <b>Total</b>                            |    |    |                             | <b>\$398,800</b>               | <b>\$79,850</b>                 | <b>\$37,116</b>                | <b>\$160,068</b>                        | <b>\$36,558</b>                            |
| <b>Elevators</b>                        |    |    |                             |                                |                                 |                                |                                         |                                            |
| Elevators - Cab Refurbish               | 12 | 6  | 6                           | \$49,200                       | \$12,272                        | \$4,100                        | \$24,600                                | \$4,038                                    |
| Elevators - Upgrade Systems             | 30 | 24 | 6                           | \$615,000                      | \$61,359                        | \$20,500                       | \$123,000                               | \$20,192                                   |
| <b>Total</b>                            |    |    |                             | <b>\$664,200</b>               | <b>\$73,630</b>                 | <b>\$24,600</b>                | <b>\$147,600</b>                        | <b>\$24,230</b>                            |
| <b>Lighting</b>                         |    |    |                             |                                |                                 |                                |                                         |                                            |
| Entry Cover (RAB) Fixtures              | 15 | 12 | 3                           | \$3,328                        | \$332                           | \$222                          | \$666                                   | \$219                                      |
| Garage Fixtures - Ceiling (No Cover)    | 20 | 2  | 18                          | \$3,280                        | \$1,473                         | \$164                          | \$2,952                                 | \$162                                      |
| Garage Fixtures - Ceiling/Wall          | 20 | 5  | 15                          | \$21,525                       | \$8,053                         | \$1,076                        | \$16,144                                | \$1,060                                    |
| Garage Fixtures - Exit                  | 20 | 7  | 13                          | \$2,513                        | \$815                           | \$126                          | \$1,633                                 | \$124                                      |
| Garage Fixtures - Wall (Sq)             | 20 | 2  | 18                          | \$2,768                        | \$1,243                         | \$138                          | \$2,491                                 | \$136                                      |
| Hallway Fixtures (PH Flr.)              | 25 | 9  | 16                          | \$2,197                        | \$701                           | \$88                           | \$1,406                                 | \$87                                       |
| Hallway Fixtures (Recessed) - Allowance | 10 | 7  | 3                           | \$3,757                        | \$562                           | \$376                          | \$1,127                                 | \$370                                      |
| <b>Total</b>                            |    |    |                             | <b>\$39,367</b>                | <b>\$13,179</b>                 | <b>\$2,190</b>                 | <b>\$26,419</b>                         | <b>\$2,157</b>                             |
| <b>Mechanical Equipment</b>             |    |    |                             |                                |                                 |                                |                                         |                                            |
| Air Handler (Mezzanine/Lobby)           | 20 | 9  | 11                          | \$80,000                       | \$21,949                        | \$4,000                        | \$44,000                                | \$3,940                                    |
| Air Handler - Roof/Hallway              | 20 | 14 | 6                           | \$16,900                       | \$2,529                         | \$845                          | \$5,070                                 | \$832                                      |
| Backflow Preventer (4")                 | 15 | 0  | 15                          | \$8,200                        | \$4,091                         | \$547                          | \$8,200                                 | \$538                                      |
| Boilers (HW)                            | 25 | 18 | 7                           | \$61,500                       | \$8,590                         | \$2,460                        | \$17,220                                | \$2,423                                    |
| Booster Pump System (HW) '05            | 15 | 2  | 13                          | \$17,700                       | \$7,652                         | \$1,180                        | \$15,340                                | \$1,162                                    |

| Component                                | UL | RL | Calc.<br>Yrs. in<br>Service | Current<br>Replacement<br>Cost | Projected<br>Reserve<br>Balance | Required<br>Reserve<br>Funding | Projected<br>Fully<br>Funded<br>Reserve | Annual<br>Current<br>Funding<br>Allocation |
|------------------------------------------|----|----|-----------------------------|--------------------------------|---------------------------------|--------------------------------|-----------------------------------------|--------------------------------------------|
|                                          | A  | B  | C                           | D                              | E                               | F                              | G                                       | H                                          |
| Chiller #2 - 120 Ton (A)                 | 15 | 13 | 2                           | \$65,500                       | \$4,356                         | \$4,367                        | \$8,733                                 | \$4,301                                    |
| Chiller #2 - 120 Ton (B)                 | 15 | 14 | 1                           | \$164,000                      | \$5,454                         | \$10,933                       | \$10,933                                | \$10,769                                   |
| Chiller #2 - 120 Ton (C)                 | 15 | 14 | 1                           | \$117,850                      | \$3,919                         | \$7,857                        | \$7,857                                 | \$7,739                                    |
| Chiller #3 (Hallway)                     | 15 | 9  | 6                           | \$55,250                       | \$11,025                        | \$3,683                        | \$22,100                                | \$3,628                                    |
| Dom. Water Pump #1                       | 15 | 13 | 2                           | \$5,625                        | \$374                           | \$375                          | \$750                                   | \$369                                      |
| Dom. Water Pump #2                       | 15 | 2  | 13                          | \$5,625                        | \$2,432                         | \$375                          | \$4,875                                 | \$369                                      |
| Emerg. Generator (120KVA)                | 25 | 3  | 22                          | \$87,200                       | \$38,280                        | \$3,488                        | \$76,736                                | \$3,436                                    |
| Fire Booster Pump (P2) - 1.5hp           | 5  | 3  | 2                           | \$2,050                        | \$409                           | \$410                          | \$820                                   | \$404                                      |
| Fire Booster Pump (P2) - 40hp            | 18 | 16 | 2                           | \$28,200                       | \$1,563                         | \$1,567                        | \$3,133                                 | \$1,543                                    |
| Risers - Chill Water                     | 25 | 14 | 11                          | \$794,000                      | \$174,279                       | \$31,760                       | \$349,360                               | \$31,283                                   |
| Rooftop Exhaust Fans - Lg.               | 22 | 16 | 6                           | \$20,500                       | \$2,789                         | \$932                          | \$5,591                                 | \$918                                      |
| Rooftop Exhaust Fans - Med.              | 22 | 16 | 6                           | \$6,150                        | \$837                           | \$280                          | \$1,677                                 | \$275                                      |
| Storage Tanks (2/3) to 5 Tanks           | 12 | 11 | 1                           | \$35,300                       | \$1,468                         | \$2,942                        | \$2,942                                 | \$2,897                                    |
| Transfer Switch                          | 30 | 5  | 25                          | \$24,100                       | \$10,018                        | \$803                          | \$20,083                                | \$791                                      |
| <b>Total</b>                             |    |    |                             | <b>\$1,595,650</b>             | <b>\$302,015</b>                | <b>\$78,803</b>                | <b>\$605,420</b>                        | <b>\$77,619</b>                            |
| <b>Miscellaneous</b>                     |    |    |                             |                                |                                 |                                |                                         |                                            |
| PBX System                               | 12 | 9  | 3                           | \$59,400                       | \$7,408                         | \$4,950                        | \$14,850                                | \$4,876                                    |
| Plumbing Repairs - Annual<br>Contingency | 1  | 0  | 1                           | \$7,675                        | \$3,829                         | \$7,675                        | \$7,675                                 | \$7,560                                    |
| <b>Total</b>                             |    |    |                             | <b>\$67,075</b>                | <b>\$11,237</b>                 | <b>\$12,625</b>                | <b>\$22,525</b>                         | <b>\$12,435</b>                            |
| <b>Painting &amp; Repairs</b>            |    |    |                             |                                |                                 |                                |                                         |                                            |
| Ext. Surfaces - Paint/Waterproof         | 8  | 0  | 8                           | \$432,500                      | \$215,753                       | \$54,063                       | \$432,500                               | \$53,250                                   |
| Int. Surfaces (In-House) - Paint         | 5  | 2  | 3                           | \$15,900                       | \$4,759                         | \$3,180                        | \$9,540                                 | \$3,132                                    |
| Spalling Repairs - Contingency I         | 4  | 3  | 1                           | \$6,250                        | \$780                           | \$1,563                        | \$1,563                                 | \$1,539                                    |
| Spalling Repairs - Contingency II        | 4  | 0  | 4                           | \$70,500                       | \$35,169                        | \$17,625                       | \$70,500                                | \$17,360                                   |
| <b>Total</b>                             |    |    |                             | <b>\$525,150</b>               | <b>\$256,461</b>                | <b>\$76,430</b>                | <b>\$514,103</b>                        | <b>\$75,282</b>                            |
| <b>Pool</b>                              |    |    |                             |                                |                                 |                                |                                         |                                            |
| Pool - ADA Chair Lift                    | 14 | 12 | 2                           | \$5,950                        | \$424                           | \$425                          | \$850                                   | \$419                                      |
| Pool - Deck Coating/Repairs              | 2  | 0  | 2                           | \$3,075                        | \$1,534                         | \$1,538                        | \$3,075                                 | \$1,514                                    |
| Pool - Filter                            | 10 | 8  | 2                           | \$2,200                        | \$219                           | \$220                          | \$440                                   | \$217                                      |
| Pool - Furnishings                       | 6  | 1  | 5                           | \$10,750                       | \$4,469                         | \$1,792                        | \$8,958                                 | \$1,765                                    |
| Pool - Resurface (Tile/Coping)           | 15 | 13 | 2                           | \$16,400                       | \$1,091                         | \$1,093                        | \$2,187                                 | \$1,077                                    |
| Pool - Safety Vacuum                     | 10 | 4  | 6                           | \$3,275                        | \$980                           | \$328                          | \$1,965                                 | \$323                                      |
| <b>Total</b>                             |    |    |                             | <b>\$41,650</b>                | <b>\$8,717</b>                  | <b>\$5,395</b>                 | <b>\$17,475</b>                         | <b>\$5,314</b>                             |
| <b>Rails &amp; Gates</b>                 |    |    |                             |                                |                                 |                                |                                         |                                            |
| Lanai Rails - Annual Contingency         | 1  | 0  | 1                           | \$5,125                        | \$2,557                         | \$5,125                        | \$5,125                                 | \$5,048                                    |
| Pool Railings (4')                       | 25 | 14 | 11                          | \$7,735                        | \$1,698                         | \$309                          | \$3,403                                 | \$305                                      |
| Vehicle Entry Gates (Roll-Up)            | 25 | 14 | 11                          | \$17,400                       | \$3,819                         | \$696                          | \$7,656                                 | \$686                                      |
| Vehicle Gate - Operator #1               | 5  | 1  | 4                           | \$4,100                        | \$1,636                         | \$820                          | \$3,280                                 | \$808                                      |
| Vehicle Gate - Operator #2               | 5  | 2  | 3                           | \$4,100                        | \$1,227                         | \$820                          | \$2,460                                 | \$808                                      |
| <b>Total</b>                             |    |    |                             | <b>\$38,460</b>                | <b>\$10,937</b>                 | <b>\$7,770</b>                 | <b>\$21,924</b>                         | <b>\$7,654</b>                             |
| <b>Roofing</b>                           |    |    |                             |                                |                                 |                                |                                         |                                            |
| Roofing (Rubberized)                     | 20 | 8  | 12                          | \$266,500                      | \$79,766                        | \$13,325                       | \$159,900                               | \$13,125                                   |
| <b>Total</b>                             |    |    |                             | <b>\$266,500</b>               | <b>\$79,766</b>                 | <b>\$13,325</b>                | <b>\$159,900</b>                        | <b>\$13,125</b>                            |
| <b>Security Systems</b>                  |    |    |                             |                                |                                 |                                |                                         |                                            |



# Palms at Waikiki AOA

Honolulu, HI

## Percent Funded

Date: Oct 8, 2014

Units: 262

Fiscal Year End: Dec 31, 2014

Start Date: Jan 1, 2015

| Component                     | UL            | RL | Calc.<br>Yrs. in<br>Service | Current<br>Replacement<br>Cost | Projected<br>Reserve<br>Balance | Required<br>Reserve<br>Funding | Projected<br>Fully<br>Funded<br>Reserve | Annual<br>Current<br>Funding<br>Allocation |
|-------------------------------|---------------|----|-----------------------------|--------------------------------|---------------------------------|--------------------------------|-----------------------------------------|--------------------------------------------|
|                               | A             | B  | C                           | D                              | E                               | F                              | G                                       | H                                          |
| Fire - Alarm Control System   | 20            | 19 | 1                           | \$28,200                       | \$703                           | \$1,410                        | \$1,410                                 | \$1,389                                    |
| Fire - Door Assemblies        | 5             | 4  | 1                           | \$4,775                        | \$476                           | \$955                          | \$955                                   | \$941                                      |
| Security - Cameras            | 6             | 0  | 6                           | \$5,725                        | \$2,856                         | \$954                          | \$5,725                                 | \$940                                      |
| Security - Cameras/Monitors   | 6             | 5  | 1                           | \$5,225                        | \$434                           | \$871                          | \$871                                   | \$858                                      |
| Security - Entry System (Gar) | 20            | 11 | 9                           | \$6,150                        | \$1,381                         | \$308                          | \$2,768                                 | \$303                                      |
|                               | <b>Total</b>  |    |                             | <b>\$50,075</b>                | <b>\$5,851</b>                  | <b>\$4,498</b>                 | <b>\$11,729</b>                         | <b>\$4,430</b>                             |
|                               | <b>Totals</b> |    |                             | <b>\$3,714,004</b>             | <b>\$855,151</b>                | <b>\$268,166</b>               | <b>\$1,714,240</b>                      | <b>\$264,138</b>                           |

**Column A - Service Life:** Normal time period the association reserve component can be expected to remain in functional or useful condition.

**Column B - Remaining Life (B):** An estimate of years remaining before repair, replacement or refurbishment will be necessary.

**Column C - Calculated Years In Service (C):** A calculation derived by subtracting Remaining Life from Service Life. (Note: Years In service is a calculated value, not necessary the actual age of the component.) Calculation:  $(A) - (B) = (C)$ .

**Column D - Current Replacement Cost (D):** The current cost of repairing, replacing or refurbishment a component.

**Column E - Current Actual Reserve Funds (E):** Current Amount of reserve funds available for each component. This is calculated by:  $(\text{Individual component Fully Funded Reserve}) / (\text{the total Fully Funded Reserve for all components}) * (\text{the Total Current Actual Reserve Balance for all reserve components})$ . Calculation:  $G / G (\text{Total}) * E (\text{Total}) = (E)$  Individual Component Current Actual Reserve Balance.

**Column F - Required Reserve Funding (Annual) (F):** The annual amount of reserve funding requires as of the Fiscal Year End which, when Fully Funded from the first year of service for all components will achieve full funding. This annualized value is calculated by dividing Current Replacement Cost by the Useful Life. this funding level makes no adjustment to eliminate any current reserve deficits. Calculation:  $(D) / (A) = (F)$ .

**Column G - Fully Funded Reserve (G):** This value is calculated by multiplying the Calculated Years In Service by the Required Reserve Funding Amount. If an association is 100% funded, this number will be equal or less than the Current Allocated Reserve Fund Balance for each component. Calculation:  $(C) * (F) = (G)$

**Column H -** Annual breakdown of the current contribution into the reserve fund by component.

**PROPERTY INFORMATION FORM RR105c**  
**Condominium, Co-op, PUD, and other Homeowner Organizations**  
**Hawaii Association of REALTORS Standard Forms**

Completion Date: 1966  
Name of Property: AOAO Palms At Waikiki Unit/Lot #: 324

All references to the word "Property" shall refer to the above.

Property Address: 1850 Ala Moana Blvd Honolulu, HI. 96815

Property Tax Map Key: \_\_\_\_\_

This property is managed by a licensed real estate broker. ☒ Yes ☐ No If a licensed real estate broker, is managing agent registered with the Real Estate Commission as a Condominium Managing Agent? ☐ Yes ☒ No

Name of Managing Agent: Aqua Hotels & Resorts, LLC

Managed by this Managing Agent since: 2005

Managing Agent provides (check those services that apply):

☒ Administrative Managing Services

☒ Fiscal Management Services

☒ Physical Management Services

☐ Other Management Services - \_\_\_\_\_

This Property is self-managed since: \_\_\_\_\_

**A. GENERAL & LEGAL**

Total number of apartments: 268 Number of guest parking stalls available: \_\_\_\_\_

If applicable, what percentage of Condominium Apartments has been sold and conveyed (excluding to the Developer)?  
100 %

If applicable, what approximate percentage of Condominium Apartments is owner-occupied? 3 %

Approximately how many foreclosures have been filed by the Board of Directors during the past twelve (12) months?  
\_\_\_\_\_

What approximate percentage of owners is more than one month delinquent in maintenance fees? 1.12 %

**\*\*If answer is "Yes", using the SAME number below, describe in the space provided.\*\***

**Yes No NTMK (not to my knowledge)**

☐ ☒ ☐ (1) Within the past year, has the Board of Directors had discussions with the lessor regarding the purchase of the leased fee interest in the land?

☐ ☒ ☐ (2) Is this Property subject to phasing or development of additional increments?

☐ ☒ ☐ (3) Has the Owners Association or Corporation been in control of the operations of the Property for less than two (2) years?

☐ ☒ ☐ (4) Are there any lawsuits, arbitration or mediation actions affecting this Property and/or Association other than delinquent owner maintenance fees?

Attorney for Association of Apartment Owners: \_\_\_\_\_

**NOTE: Any attorney fees or other costs incurred for further answering this inquiry shall not be at the expense of the Association of Apartment Owners, nor of the Managing Agent.**

☐ ☒ ☐ (5) If property is a Condominium, does any single entity, individual or partnership own more than 10 percent of the common interest of this property?

☐ ☒ ☐ (6) Are any Association or Corporation approvals required for transfer of Ownership?

☐ ☒ ☐ (7) Is a resident manager's apartment a part of the common elements, or is one owned by the Association or Corporation (does not apply to Planned Unit Development)?

☐ ☒ ☐ (8) Is a time share operation existing at this Property?

Name of operator: \_\_\_\_\_

☒ ☐ ☐ (9) Is there a hotel, transient vacation rental operation, or other organized rental program at the Property?

Name of Operator: Aqua-Aston Hospitality

☒ ☐ ☐ (10) Have any of the following items been discovered by the Association or Corporation at the Property? ☒ Asbestos ☐ Formaldehyde ☐ Radon Gas ☐ Lead-Based Paint

☒ ☐ ☐ (11) Are there commercial apartments, lots or commercial use of the common areas or common elements at the Property?

Property Address: 1850 Ala Moana Blvd Honolulu, HI. 96815

**Number of Question answered "YES" and Explain:**

See Comments

Buyer's Initials & Date \_\_\_\_\_

Seller's Initials & Date \_\_\_\_\_

## B. INSURANCE

Name of Insurance Company: Insurance Associates

Name of Insurance Agent: Sue Savio

Phone: 808-526-9271

**\*\*If answer is "Yes", using the SAME number below, describe in the space provided.\*\***

| Yes                                 | No                       | NTMK                                | Note: | In case of Planned Unit Development, questions #14 to #17 apply to common areas only.                                                                                |
|-------------------------------------|--------------------------|-------------------------------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | (12)  | Is the Property located in a designated Flood Hazard Zone?                                                                                                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | (13)  | Is this Property covered by Flood Insurance?                                                                                                                         |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | (14)  | Is this Property located in a tsunami inundation area?                                                                                                               |
| <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | (15)  | Has there been any substantial damage to this Property due to earthquake, fire, floods, winds, landslides, tsunami, or violence activity within the last five years? |

**Number of Questions answered "YES" and Explain:**

See Comments

## C. FINANCIAL

1. What do the Apartment maintenance fees include?

- ☒ Water & Sewer
- ☒ Hot Water
- ☒ Electricity
- ☒ Gas
- ☒ Air Conditioning
- ☒ Cable TV Signal
- ☐ Parking
- ☐ Recreation/Community Association Dues
- ☐ Lease Rent
- ☐ Real Property Tax
- ☒ Other: Local phone service and PBX Equipment, High speed internet

2. Other:

- ☐ There are master association dues. Check with listing broker

How frequently is a financial statement prepared? ☒ Monthly ☐ Quarterly

Specify: ☐ Cash Basis ☒ Accrual Basis

**\*\*If answer is "Yes", using the SAME number below, describe in the space provided.\*\***

| Yes                                 | No                                  | NTMK                     |                                                                                                                              |
|-------------------------------------|-------------------------------------|--------------------------|------------------------------------------------------------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> | (16) Has the Association or Corporation Board of Directors approved a maintenance fee increase, special assessment, or loan? |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | (17) Are any special assessments or loans in effect at this time?                                                            |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> | (18) Are any assessments required to be paid in full at the time of conveyance of ownership?                                 |

**Number of Questions answered "YES" and Explain:**

(16) In January 2016 maintenance fees will increase 6.91%

## D. PROPERTY CONDITION

**\*\*If answer is "Yes", using the SAME number below, describe in the space provided.\*\***

Are there any major repairs required or planned within the next 12 months with respect to the following common elements/common areas of the Property?

| Yes                                 | NTMK                     |                       | Yes                                 | NTMK                     |                           |
|-------------------------------------|--------------------------|-----------------------|-------------------------------------|--------------------------|---------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (19) Exterior Walls   | <input type="checkbox"/>            | <input type="checkbox"/> | (27) Trash Chutes         |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (20) Plumbing         | <input type="checkbox"/>            | <input type="checkbox"/> | (28) Drainage             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (21) Foundations      | <input type="checkbox"/>            | <input type="checkbox"/> | (29) Sauna                |
| <input type="checkbox"/>            | <input type="checkbox"/> | (22) Wall(s)/Fences   | <input type="checkbox"/>            | <input type="checkbox"/> | (30) Barbecue Facilities  |
| <input type="checkbox"/>            | <input type="checkbox"/> | (23) Water Features   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | (31) Lanai Decks/Railings |
| <input type="checkbox"/>            | <input type="checkbox"/> | (24) Security Systems | <input type="checkbox"/>            | <input type="checkbox"/> | (32) Electrical Systems   |
| <input type="checkbox"/>            | <input type="checkbox"/> | (25) Elevators        | <input type="checkbox"/>            | <input type="checkbox"/> | (33) Walkways             |
| <input type="checkbox"/>            | <input type="checkbox"/> | (26) Slab(s)          |                                     |                          |                           |

Buyer's Initials & Date

Seller's Initials & Date

Property Address: 1850 Ala Moana Blvd Honolulu, HI. 96815

| Yes                                 | NTMK                     |                              |
|-------------------------------------|--------------------------|------------------------------|
| <input type="checkbox"/>            | <input type="checkbox"/> | (34) Swimming Pool           |
| <input type="checkbox"/>            | <input type="checkbox"/> | (35) Spas                    |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (36) Pool Deck/Railings      |
| <input type="checkbox"/>            | <input type="checkbox"/> | (37) Sewage Treatment Plant  |
| <input type="checkbox"/>            | <input type="checkbox"/> | (38) Driveways/Parking Areas |

| Yes                                 | NTMK                     |                          |
|-------------------------------------|--------------------------|--------------------------|
| <input type="checkbox"/>            | <input type="checkbox"/> | (39) Sprinkler System    |
| <input type="checkbox"/>            | <input type="checkbox"/> | (40) Tennis Court        |
| <input type="checkbox"/>            | <input type="checkbox"/> | (41) Rec. Room Equipment |
| <input type="checkbox"/>            | <input type="checkbox"/> | (42) Roofing             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | (43) Paint               |
| <input type="checkbox"/>            | <input type="checkbox"/> | (44) Other: _____        |

| Yes                      | No                                  | NTMK                                |                                                                                                                                                                             |
|--------------------------|-------------------------------------|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | (45) Are lanai enclosures presently permitted by the Association or Corporation Board of Directors?                                                                         |
| <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | (46) Do you know, within the past year, of the presence of live infestation, wood boring insects/termites in the common elements/common areas of the Property?              |
| <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | (47) Do you know, within the past year, of leaks and/or water damage in the common elements/common areas of the Property?                                                   |
| <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | (48) Are you aware, within the past year, of any structural problems in the common elements/common areas caused by water, settling, sliding, subsidence, filled land, etc.? |

**Number of Questions answered "YES" and Explain:**

See Comments

**E. DISCLAIMER**

While not guaranteed, the information contained in this Property Information Form is based on information reasonably available to the Managing Agent at the time this form was completed. It has been provided by the Managing Agent at Owner/Seller's request and is believed to be current and correct to the best of the Managing Agent's knowledge at the time this form was completed. All persons relying upon the information contained herein are advised that the information provided cannot be considered a substitute for a careful inspection of the Property and the Property's governing documents, meeting minutes, financial documents and other documentation; and that they should refer to qualified experts in the various professional fields, including but not limited to attorneys, Certified Public Accountants, architects, engineers, contractors and other appropriate professionals for detailed evaluation of areas where additional clarification or information is desired. The person or entity completing the form is doing so only as an accommodation to the parties and shall not be held liable for any errors or omissions whatsoever. The person or entity completing this form is not required to and has not completed any special investigation, and is only reporting facts already known to that person or entity or readily available. Specifically and without limitation, the person or entity completing the form has not reviewed any records except official records of meetings in the possession of that person or entity and only for the current and prior year. Where the answer to a question is not applicable, unknown or is otherwise unanswerable, it has been marked "NTMK". Where the Managing Agent has marked "NTMK" or "NO" in response to a question concerning property condition, it must be recognized that this does not mean there may not be a defect which an expert could discover or the passage of time would reveal. Likewise, a problem could be more serious than the Managing Agent, the Association, the Corporation or its Board of Directors knows. All such persons having access to this Property Information Form understand and acknowledge that this Property Information Form is not a warranty or guaranty of any kind by the Managing Agent, the Association or its Board of Directors.

Person completing this form



11-18-2015

Name: Patty Maher, Property Manager, for Palms at Waikiki

Title: General Manager

Company: Palms at Waikiki

Address: 1850 Ala Moana Blvd., Honolulu, HI 96815

Phone No. 808-952-8383

Fax No. 808-947-7002

Buyer's Initials & Date \_\_\_\_\_

Seller's Initials & Date \_\_\_\_\_

Property Address: : 1850 Ala Moana Blvd Honolulu, HI. 96815

## **ADDENDUM TO REQUEST FOR DOCUMENTS FORM RR105C AND PROPERTY INFORMATION FORM RR105C**

DATE OF FORMS: 11-18-2015

The above-identified forms are modified as stated herein. I/We understand and agree that:

- (i) the information requested is being provided as an accommodation only and that the Managing Agent and the Association and their respective officers, directors, employees and agents shall have no liability whatsoever for any errors or omissions with respect thereto;
- (ii) the Managing Agent and the Association are not required to make any special investigations as to any matters for which information is requested and shall report only facts already known or readily available to the Managing Agent; and
- (iii) the documents and information provided shall relate only to the community association for which information is requested and shall not include documents or information related to other community associations or master associations which may affect the property being sold.

I/We agree to indemnify and hold harmless the Association and the Managing Agent from All Costs for any Injury consequent upon or arising from:

- (i) the use or distribution of the documents or information provided by the Association or Managing Agent on Forms RR105B and/or RR105C, as amended;
- (ii) any allegation that said documents or information provided by the Association or Managing Agent adversely affected any real estate transaction or violated any law, statute, ordinance or regulation now or hereafter in force of the United States, the State of Hawaii or any city or county; and
- (iii) any allegation that the documents or information provided by the Association or Managing Agent caused damage to Me/Us or to any third party.

If any lawsuits, arbitration or other proceedings shall be brought against the Association or the Managing Agent for any of the foregoing reasons, I/We will defend the same and will pay whatever judgements which may be recovered against the Association or the Managing Agent. The obligation to defend shall include the obligation to pay all costs and expenses of the lawsuit, arbitration or proceeding and any appeal thereof, including attorneys, fees, incurred by the Association or the Managing Agent. As used herein:

All Costs shall include every and all cost, loss, damage, liability, expense, demand, penalty and fine whatsoever, which may arise from or be claimed against the Association or the managing Agent, by any person or entity.

Injury shall include all injuries to person or property, or damage of whatever kind or character suffered or sustained.

The acceptance of any of the documents or information as provided on form RR105B and/or RR105C and the use or distribution of those documents or information to any third party for any purpose whatsoever, including without limitation, compliance with Chapter 508D, Hawaii Revised Statutes, constitutes the agreement of the Seller (s) to all of the terms and provisions of this Addendum including without limitation the obligation to defend and indemnify the Association and the Managing Agent.

\_\_\_\_\_  
Buyers Initials & Date

\_\_\_\_\_  
Sellers Initials & Date

Property Address: 1850 Ala Moana Blvd Honolulu, HI. 96815



# Comments Addendum Form RR105c

## **A) General & Legal** (write comments, if any, below and refer to question number)

#19, 21, 31, 36 & 43 - Paint and spall repair of building, pool deck and lanai rails

#20 Annual Contingency Plumbing

#12 Grand Fathered Flood Zone B

#13-14 Flood Policy with Selective Insurance Co/National Flood Insurance Program

Policy number: FLD1298475

Coverage Period: 12/15/14-12/15/15

Coverage Amt.: \$44,488,000

## **B) Insurance** (write comments, if any, below and refer to question number)

---

Buyer's Initials & Date

Property Address: 1850 Ala Moana Blvd Honolulu, HI. 96815

---

Seller's Initials & Date

## Comments Addendum Form RR105c (continued)

**C) Financial** (write comments, if any, below and refer to question number)

**D) Property Condition** (write comments, if any, below and refer to question number)

#8 Aqua Hotels & resorts, LLC manages an on-site rental program for over 85% of the units.

#9 Developer has completed remediation work to remove or otherwise deal with asbestos at the project in accordance with the recommendations of their consultants. Certain toxic molds have previously been detected at the project and the seller has completed mold remediation which included replacement of all drywalls in apartments and portion of hallways.

#10 back of the house storage areas, locker rooms and lunch room facilities are leased on an annual basis to the rental program operator.

---

Buyer's Initials & Date

Property Address: 1850 Ala Moana Blvd Honolulu, HI. 96815

---

Seller's Initials & Date

**PALMS AT WAIKIKI  
A FEE SIMPLE CONDOMINIUM PROJECT**

**PURCHASE AGREEMENT**

**THIS PURCHASE AGREEMENT** ("Agreement") is made by and between LAEROC WAIKIKI PARKSIDE, LLC, a Hawaii limited liability company, having its principal place of business and post office address at 1334 Park View Avenue, Suite 240, Manhattan Beach, California 90266 (the "Seller"), and the "Purchaser" named in Section B. below, and shall be effective upon the date of its execution by the Seller. Note that capitalized terms used herein shall have the meaning set forth in Section D.31 of this Agreement. The purchase and sale transaction described in this Agreement is to be administered by Fidelity National Title Insurance Company, Inc., a Hawaii corporation ("Escrow"), and is made with reference to the following facts:

**A. DESCRIPTION OF PROPERTY COVERED BY THIS AGREEMENT:**

1. Location: 1850 Ala Moana Boulevard, Honolulu, Hawaii 96815;  
TMK No.:(1) 2-6-012:003.
2. Project: The Project consists of the land as described in Exhibits "A" to the Declaration and any improvements thereon to be known as "Palms at Waikiki," as submitted to a condominium property regime by the Declaration pursuant to Chapter 514 of the Hawaii Revised Statutes, as amended.
3. Apartment: Apartment No. \_\_\_\_\_ as shown on that certain Condominium Map No. 1674 the Project filed in the Office of the Registrar of the Land Court of the State of Hawaii, as supplemented or amended from time to time, together with an undivided \_\_\_\_\_ percent (\_\_\_\_\_% ) interest in the common elements ("Common Interest") of the Project. The Common Interest is subject to adjustment in accordance with the Condominium Documents. Net Area of the Apartment: \_\_\_\_\_ Net Area of lanai: \_\_\_\_\_.
4. Limited Common Elements: Exclusive easement to use those certain Limited Common Elements which are designated as appurtenant to such Apartment, as shown on the Condominium Map and as further described in the Declaration.
5. Personal Property. A list setting forth all items of personal property to be conveyed to Purchaser shall be provided at closing.

Together with certain other easements to be described or reserved in Purchaser's Apartment Deed, Encumbrances, Reservations of Rights and Special Power of Attorney for Palms at Waikiki.

**B. INFORMATION CONCERNING PURCHASER: (Include all persons or entities who are to hold title)**

**INDIVIDUAL PURCHASER(S)**

1. Full name (if no middle name, state "NMN", do not use initials):

\_\_\_\_\_

( ) Single ( ) Married ( ) Trustee-indicate full legal name of trust

\_\_\_\_\_

Social Security Number

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

\_\_\_\_\_

Office Telephone: \_\_\_\_\_ Home Telephone: \_\_\_\_\_

Fax No.: \_\_\_\_\_ E-mail: \_\_\_\_\_

Spouse's Full Name: \_\_\_\_\_

\_\_\_\_\_

Social Security Number

2. Full name (if no middle name, state "NMN", do not use initials):

( ) Single ( ) Married ( ) Trustee-indicate full legal name of trust

Social Security Number

Address:

Office Telephone:

Home Telephone:

Fax No.:

E-mail:

Spouse's Full Name:

Social Security Number

**ENTITY PURCHASER(S)**

3. Full legal name and type of entity (i.e., Corporation, Partnership, Limited Partnership or Limited Liability Company)

Business Address:

Office Telephone:

Office Fax:

Email:

Representative authorized to sign, and title or position:

4. Full legal name and type of entity (i.e., Corporation, Partnership, Limited Partnership or Limited Liability Company)

Business Address:

Office Telephone:

Office Fax:

Email:

Representative authorized to sign, and title or position:

5. **NATURE OF VESTING OF TITLE:** Purchaser shall advise Seller and Escrow as soon as possible, but no later than by Preclosing (as defined in Section D.6. below) of how Purchaser will take title to the Apartment.

6. **RECEIPT OF PUBLIC REPORT.** THIS AGREEMENT SHALL BECOME BINDING WHEN (I) A TRUE COPY OF THE FINAL PUBLIC REPORT, TOGETHER WITH THE RECEIPT FORM REQUIRED BY HAWAII REVISED STATUTES SECTION 514A-62, AS AMENDED, IS DELIVERED TO PURCHASER; (II) PURCHASER HAS HAD AN OPPORTUNITY TO READ SAID REPORT(S), AND A DEEMED ACCEPTANCE OF THE REPORT(S)

SHALL HAVE TAKEN PLACE; AND (III) WHEN THE PURCHASER AND SELLER EXECUTE AN AFFIRMATION INSTRUMENT AGREEING TO RENDER THE PURCHASE AGREEMENT A BINDING CONTRACT.

7. **AGENCY DISCLOSURE.** IN CONNECTION WITH THE SALE OF THE APARTMENT PURSUANT TO THE PUBLIC REPORT(S), PURCHASER ACKNOWLEDGES THAT COLDWELL BANKER PACIFIC PROPERTIES, LTD. AND ALL OF ITS SALESPERSONS AND BROKERS ("Project Broker"), REPRESENT THE SELLER AND NOT THE PURCHASER, UNLESS THE PROJECT BROKER IS ACTING AS A DUAL AGENT (REPRESENTING BOTH SELLER AND PURCHASER) AND HAS SO ADVISED SELLER AND PURCHASER. PURCHASER ACKNOWLEDGES THAT WRITTEN DISCLOSURES RELATING TO AGENCY HAVE BEEN PROVIDED BEFORE SIGNING OF THIS OFFER.

\_\_\_\_\_ Purchaser is represented by the Project Broker, and a Dual Agency Addendum is attached.

\_\_\_\_\_ Purchaser is represented by a broker other than the Project Broker, and a Cooperating Broker Addendum is attached.

8. **CLOSING DATE.** The Closing Date shall be determined in accordance with Section D.7. below.

C. **SPECIFIC TERMS AND CONDITIONS.** In consideration of the foregoing and the respective covenants and agreements contained in this Agreement, Seller and Purchaser agree as follows:

1. **PURCHASE PRICE, TIMING OF PAYMENTS, ASSOCIATION START-UP FEES, FINANCING OF PURCHASE AND PURCHASE AGREEMENT.**

a. **PURCHASE PRICE.** The Purchase Price for the Apartment, including \$ \_\_\_\_\_ for the purchase of \_\_\_\_\_ parking stall(s) is: \$ \_\_\_\_\_.

b. **TIMING OF PAYMENT.** Purchaser shall pay to Seller the Purchase Price as follows:

1. \$ \_\_\_\_\_ Due upon signing this Agreement (this is the Earnest Money Deposit).
2. \$ \_\_\_\_\_ Additional deposit of ten percent (10%) of the Purchase Price (less the Earnest Money Deposit) due fifteen (15) days after Purchaser's delivery of the Purchase Agreement to Seller.
3. \$ \_\_\_\_\_ Balance of the Purchase Price due two (2) days prior to the scheduled or anticipated Closing Date by \_\_\_\_\_ cash and/or \_\_\_\_\_ mortgage.

**NOTE:** NO RECEIPT BY A SALESPERSON, EMPLOYEE OR AGENT OF THE SELLER OF THE DEPOSIT HEREINABOVE SET FORTH OR ANY OTHER SUMS FROM THE PURCHASER SHALL CONSTITUTE APPROVAL BY, OR BIND THE SELLER, NOR SHALL ANY SUCH SALESPERSON, EMPLOYEE OR AGENT BE AUTHORIZED OR BE EMPOWERED TO BIND THE SELLER TO THIS AGREEMENT. SELLER IS ONLY BOUND TO THE AGREEMENT WHEN SELLER SIGNS IT AND DELIVERS IT OR A COPY THEREOF TO PURCHASER AND ESCROW.

**NOTE:** IF PURCHASER DOES NOT MAKE PAYMENT ON TIME, MEANING ON THE DUE DATES SET FORTH IN SECTION C.1.b. ABOVE, SELLER AT ITS OPTION MAY CANCEL THIS AGREEMENT AND EXERCISE ITS REMEDIES AS SET FORTH IN SECTION D.15. BELOW, OR MAY CHARGE PURCHASER A LATE CHARGE OF EIGHT PERCENT (8%) PER ANNUM, PRORATED DAILY, BASED ON THE AMOUNT OF SUCH PAYMENT.

c. **ADDITIONAL SUMS TO BE PAID.** Purchaser agrees to pay association start-up fees in an amount equal to two (2) months of the estimated maintenance fees and the sum of \$1,000.00 as an additional payment towards reserves, the closing costs provided for in Section D.9. and prorations. All such additional sums are due and payable to Escrow in cash, by way of bank wire transfer, or by cashier's check two (2) days prior to the scheduled or anticipated Closing Date, along with the balance of the Purchase Price.

- d. **FINANCING OF THE PURCHASE OF THE PROPERTY.** If the Purchaser has indicated that a portion of the Purchase Price is to be financed (by entering a mortgage amount in Section C.1.b.3 above), then the provisions of this Section C.1.d. shall be applicable and this Agreement shall be subject to the condition of Purchaser being able to obtain a conditional loan commitment issued by a lending institution of not less than the amount set forth in Section C.1.b.3. Purchaser will exercise its best efforts to close at the date set by the Seller in accordance with the Closing Date specified herein, and will pay all fees and costs imposed or charged by the lender, and execute and deliver to Escrow a promissory note, mortgage and all other documents required to consummate the loan at the time of Closing. In connection with such loan, Purchaser shall permit the proposed lender to make credit inquiries regarding Purchaser.

Seller shall have no obligation to arrange for Purchaser's mortgage financing. Evidence of Purchaser's loan prequalification, based on a full credit report, must be provided to Seller within fifteen (15) days of Purchaser's delivery of this Agreement to Seller. A final loan commitment must be obtained and delivered to Seller and Escrow within forty-five (45) days of Seller's acceptance of this Agreement. If Purchaser fails to provide evidence of final loan approval within the time period set forth above, then Seller may, in its sole discretion, cancel this Agreement.

Purchaser represents that the financial data to be submitted in connection with this Agreement to Seller or any prospective mortgagee shall be true and accurate and that Purchaser is financially capable of making all required payments at the required time set forth herein. Purchaser agrees to notify Seller immediately of any material change that occurs in the Purchaser's financial condition prior to the Closing. Presentation of the loan prequalification approval by Purchaser to Seller and Seller's acceptance of this offer shall constitute an agreement by Purchaser that Purchaser will perform all of the terms, conditions and agreements contained therein. Seller shall have the right, at any time after this Agreement shall have become binding, to cancel this Agreement and hold Purchaser in default if any material discrepancies are discovered between the financial information furnished and the Purchaser's actual financial status. It is expressly understood and agreed that, notwithstanding Seller's acceptance of this offer, if Purchaser's loan prequalification or loan commitment is subject to any contingency whatsoever and if it reasonably appears that Purchaser will not be able to satisfy such contingency on or before the Closing Date, Seller may, at its discretion and at any time, and without limitation to any other remedies available to Seller, elect to cancel this Agreement and retain Purchaser's deposit and all interest earned thereon as liquidated damages.

At any time after this Agreement shall have become binding, if Purchaser shall fail to obtain final loan approval within the time period set forth above, fail to keep any loan commitment in force and thereby fail to close, fail to remove any contingency from its loan commitment by the Closing Date, or fail to close on the Closing Date, such failure shall constitute a default hereunder and Seller shall be entitled to cancel this Agreement and retain Purchaser's deposit and all interest earned thereon as liquidated damages as provided in Section 18 below. In order to facilitate Seller's awareness of Purchaser's progress in obtaining a mortgage loan, Purchaser hereby authorizes Purchaser's prospective lender to transmit to Seller or Seller's agents any and all information necessary for this purpose, including, but not limited to copies of all correspondence between Purchaser and Purchaser's prospective lender.

- e. **CASH PAYMENT AT CLOSING.** A Purchaser paying cash at closing pursuant to Section C.1.b.3 above shall also, within fifteen (15) days after Purchaser's delivery of this Agreement to Seller, give Seller such written evidence (hereinafter the "Cash Evidence") from Purchaser's bankers or accountants, or others, as Seller may require, of Purchaser's ability to make the cash payment due at Closing.
- f. **PURCHASE AGREEMENT.** Seller agrees to sell and the Purchaser agrees to buy the property described in Section A. above and Section D.1. below (collectively the "Apartment"), subject to all of the terms and conditions of this Agreement.

PURCHASER ACKNOWLEDGES HAVING READ THIS AGREEMENT IN FULL AND IS AWARE OF AND ACCEPTS THE DISCLAIMER OF WARRANTIES DESCRIBED IN SECTION D.13. AND ACKNOWLEDGES THAT THIS AGREEMENT AND THE ATTACHED ADDENDA CHECKED BELOW:

☐ COOPERATING BROKER ADDENDUM    ☐ DUAL AGENCY ADDENDUM    ☒ LEAD BASED PAINT ADDENDUM    ☒ FLOOR PLAN ADDENDUM    ☐ PARKING STALL ADDENDUM    ☐ BACK-UP OFFER ADDENDUM    ☐ OTHER \_\_\_\_\_

(check applicable box(es), if any) CONSIST OF THE ENTIRE AGREEMENT BETWEEN THE PARTIES.

**PURCHASER**

INDIVIDUAL PURCHASER:

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

\_\_\_\_\_  
Signature

Date of Execution by Purchaser:\_\_\_\_\_

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

\_\_\_\_\_  
Signature

Date of Execution by Purchaser:\_\_\_\_\_

ENTITY PURCHASER:

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

\_\_\_\_\_  
Print Name of Authorized Signatory

\_\_\_\_\_  
Signature

Date of Execution by Purchaser:\_\_\_\_\_

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

\_\_\_\_\_  
Print Name of Authorized Signatory

\_\_\_\_\_  
Signature

Date of Execution by Purchaser:\_\_\_\_\_

**SELLER**

LAEROC WAIKIKI PARKSIDE, LLC,  
a Hawaii limited liability company

By \_\_\_\_\_  
Its Manager

Date of Execution by Seller:\_\_\_\_\_

Receipt of Purchaser's Earnest Money Deposit pursuant to Section C.1.b. above is hereby acknowledged this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

**PROJECT BROKER**

COLDWELL BANKER PACIFIC PROPERTIES, LTD.

\_\_\_\_\_  
By (Salesperson)

\_\_\_\_\_  
By (Broker in Charge)



D. **ADDITIONAL GENERAL TERMS AND CONDITIONS.**

1. **PROJECT INFORMATION.**

- a. **PROJECT LOCATION.** Palms at Waikiki condominium project (the "Project") is located at 1850 Ala Moana Boulevard, Honolulu, Hawaii 96815 and is directly accessible from Ala Moana Boulevard. It is contemplated that the Project will consist of two hundred sixty two (262) hotel apartments, and six (6) commercial apartments, common areas and amenities, as more particularly described in the Declaration and the Condominium Map.
- b. **DESCRIPTION OF PROPERTY.** The property shall consist of the apartment and its appurtenant undivided interest in the common elements (subject to adjustments as provided for in the Condominium Documents) as described in Section A. above, together with rights and easements, including any limited common element rights, and subject to all of the applicable terms, covenants, provisions and easements contained in this Agreement, the Declaration of Condominium Property Regime of Palms at Waikiki ("Declaration") and other Condominium Documents, as identified in Section D.1.c. below.

Purchaser shall acquire a fee simple interest in and to the Apartment by way of an Apartment Deed, subject, however, to all encumbrances of record upon filing of the Apartment Deed, except for blanket encumbrances prohibited by Section 514A-18 of the Hawaii Revised Statutes.

- c. **CONDOMINIUM DOCUMENTS.** This purchase and sale involves a number of documents relating to the Project and to the Apartment (the "Condominium Documents") which the Purchaser should review. The Condominium Documents include, but are not limited to, the initial documents for the Project and their respective amendments, if any, identified as: the Declaration; Bylaws of the Association of Apartment Owners of Palms at Waikiki ("Bylaws"); Condominium Map; Palms at Waikiki House Rules; Apartment Deed, Encumbrances and Reservations of Rights of Palms at Waikiki ("Apartment Deed"); Management Agreement; Escrow Agreement; the Preliminary and Final Public Reports, and any Supplementary Public Report that may be issued for the Project. Copies of these documents have been or will be presented to the Purchaser, or, if not so presented, are or will be on file with the Real Estate Commission of the State of Hawaii (the "Real Estate Commission"). Copies are also available for inspection at the Project Broker's office. The form of these Condominium Documents may change from time to time as set forth in Section D.4. below.

The provisions of the Escrow Agreement described in Section D.3. below shall become binding upon the Purchaser upon acceptance of this Agreement by Seller. The failure of Purchaser to cancel this Agreement in accordance with Section D.10. below shall constitute an approval and acceptance of the Condominium Documents by the Purchaser. It is agreed and understood that Purchaser's ownership of the Apartment is in all respects subject to said Condominium Documents.

- d. **SELLER IS AUTHORIZED TO ACT ON BEHALF OF THE ASSOCIATION.** Purchaser authorizes Seller to exercise all rights and powers of the Association, the Board of Directors and officers, including voting, until the first meeting of the Association. Purchaser further authorizes the Seller to exercise all rights and incidents of membership attributable to the Apartment which is the subject of this Agreement until the recordation of the Apartment Deed transferring title to the Apartment to the Purchaser.

2. **PURCHASE PRICE AND TERMS.**

- a. **PAYMENTS AND DEPOSITS.** All payments of the deposits as shown in Section C.1.b. above shall be made in cash to Escrow as specified in Section C.1.b. above. Although

this sale is not subject to Purchaser obtaining a loan, if Purchaser elects to do so, Purchaser also authorizes Purchaser's lender(s) (if any) to pay the proceeds of any mortgage loan(s) to Escrow when due by the terms of this Agreement, as set forth in Section C.1.b. above.

b. **APARTMENT DEED.** Subject to Purchaser signing the Apartment Deed, Seller agrees to provide Purchaser, after payment of the full Purchase Price, and any other sum due under this Agreement, a duly executed Apartment Deed conveying the Apartment to Purchaser, in fee simple.

3. **ESCROW AGREEMENT; INTEREST.** Seller has entered into an escrow agreement dated May 11, 2004 ("Escrow Agreement") with Escrow, which Escrow Agreement is by this reference incorporated herein and made a part hereof, covering the deposit with Escrow of all funds paid by Purchaser under this Agreement and the disbursement of such funds by Escrow. All payments to be made hereunder shall be paid by Purchaser to Escrow pursuant to the Escrow Agreement and this Agreement.

Except as otherwise provided herein, Purchaser further agrees that all funds received by Escrow may be held together with other monies received by Escrow. All such funds may be deposited by Escrow into an interest bearing account or accounts in a federally insured bank or savings and loan institution. Any interest earned on Purchaser's deposit shall accrue to Seller. Purchaser shall have no right to direct Escrow as to how or where the funds received hereunder by Escrow from Purchaser shall be deposited or otherwise invested.

Alternatively, upon Purchaser's execution of this Agreement, Purchaser may, for a set up fee of \$25.00 payable to Escrow, elect to have Escrow place Purchaser's deposit in an interest-bearing account with interest accruing to Purchaser. If Purchaser does not specify that the deposit be placed in such an interest bearing account, any interest accrued on Purchaser's deposit shall accrue to Seller.

No interest will be payable upon Purchaser's deposit where Purchaser's deposit is either refunded by Seller or returned by Seller except pursuant to the provisions of this Agreement.

4. **ACCEPTANCE OF CHANGES TO DOCUMENTS OR PROJECT.** Prior to closing, Purchaser authorizes Seller to make, and Purchaser hereby approves, all changes to the Condominium Documents and to the Project as may be required by law, any title insurance company, institutional mortgage lender or other mortgage lender, including Seller's lender, or governmental or quasi-governmental agency, and any other changes the Seller may make in the Project or the Condominium Documents, provided only that such changes shall not substantially impair the prospective use of the Apartment, materially alter the floor plan of the Apartment or substantially reduce the usable space within the Apartment, substantially increase the Purchaser's share of common expenses, or increase the Purchase Price. No taking by eminent domain (or other transfer by the Seller) of an easement or other limited right or of a portion of the common elements of the Project that does not substantially interfere with or diminish the practical enjoyment and use by the Purchaser of the common elements shall be deemed to be grounds for cancellation of this Agreement.

5. **RESERVED RIGHTS, PROJECT AMENDMENTS, PURCHASER'S CONSENT AND ACKNOWLEDGMENT.** Purchaser specifically acknowledges and agrees that the Declaration contains reservations of certain rights in favor of Seller and certain other provisions under which the Purchaser consents to. These reserved rights are also summarized in Exhibit A to the Public Report(s). It is incumbent upon Purchaser to read the Declaration and all Public Report(s) with care to be aware of such reserved rights.

6. **PRECLOSING.** Purchaser acknowledges that Seller intends to and agrees that Seller may preclose this sale by having all documents necessary for closing executed and funds deposited with Escrow prior to the time of closing, but no earlier than that date which is thirty (30) days prior to that date

selected by Seller as the estimated or anticipated Closing Date (which date is identified in the following section); provided that any required deposits must be made in accordance with the timing set forth in Section C.1.b. This procedure, as set forth in this Section, shall be referred to as "Preclosing." To accomplish this, any time after the effective date of this Agreement, and upon receiving written notice to preclose from the Seller, Purchaser's lender(s), if any, or Escrow, Purchaser agrees to deposit with Escrow all payments specified in Section C.1.b. above (at the times set forth in said Section) and to take and complete any other action that may be necessary to enable closing to occur, and Purchaser will execute during this period all documents required for closing including, without limitation, the Apartment Deed and any promissory notes, mortgages and other loan documents necessary for Purchaser's financing of the purchase (if financing is pursued by Purchaser, it being understood that this sale is not subject to or conditioned on Purchaser obtaining a loan), the conveyance tax certificate, and a closing statement based on Seller's estimate of the date the Apartment will be available for occupancy. Purchaser shall, upon written notice from Escrow, confirm with Escrow the names and addresses of all owners of the Apartment and the manner ("tenancy") by which the owner(s) shall hold title. If Purchaser fails to select a form of tenancy when requested to do so, Seller may complete the Apartment Deed with such tenancy as Seller, in its sole discretion, deems appropriate. Escrow shall be entitled to charge an additional documentation charge in the event of any changes to the Apartment Deed or other documents requested by Purchaser later than fifteen (15) days prior to the estimated or anticipated Closing Date. This Agreement shall constitute Seller's and Purchaser's written authority to Escrow to date all documents, to add recording information and to adjust the estimated prorations in accordance with the provisions of this Agreement.

**NOTE:** If Purchaser is an entity, the following documents shall be delivered to Seller during Preclosing or at such other date as determined by Seller: (i) if Purchaser is a corporation, a resolution of the board of directors of such corporation authorizing the purchase hereunder and declaring which officer(s) is (are) authorized to execute this Agreement and all documents in connection herewith; (ii) if Purchaser is a foreign (non-Hawaii) corporation, a copy of its license to do business in the State of Hawaii or other evidence that it has registered to do business in the State of Hawaii; (iii) if Purchaser is a partnership or limited partnership, a copy of the Partnership Agreement or Limited Partnership Agreement (as applicable) and a copy of the partnership or limited partnership registration statement filed with the Department of Commerce and Consumer Affairs of the State of Hawaii ("DCCA"); (iv) if Purchaser is a limited liability company, a copy of the Operating Agreement and a copy of the Articles of Organization filed at the DCCA; and (v) if Purchaser is a trustee, a copy of the trust instrument or short form thereof.)

7. **CLOSING.** The "Closing Date" shall be that date selected by Seller to consummate the sale of the Apartment from Seller to Purchaser. On the Closing Date, Seller and Purchaser shall be required to perform their respective obligations to purchase and sell the Apartment under this Agreement. The parties agree that the Closing Date may be extended by Seller in its sole discretion. All payments that have not been previously made during Preclosing shall be due and payable in full on the Closing Date, and, if not paid on said date due to Purchaser's failure to act in a diligent manner in order for said payment to be made on said date, then such nonpayment shall result in a default under this Agreement. In the event of failure of Purchaser to actually close on the Closing Date scheduled by Seller, and in the event Seller waives its right to claim a default as provided in this Section D.7. and in Section C.1.d. above, Purchaser agrees to pay, in addition to all other amounts due, a late charge of one percent (1%) per month, based on the amount of the total Purchase Price, prorated on a daily basis, to accrue commencing on the Closing Date and continuing until all payments required under this Agreement, together with such late charges, are paid. Seller's failure to exercise any right or remedy under this Agreement shall not constitute a waiver of any of such defaults or of any of such rights, including, without limitation, the right to cancel this Agreement, and will not constitute a modification of this Agreement. Escrow shall not record Purchaser's Apartment Deed until Escrow has received a certificate from a title company authorized to do business in the State of Hawaii and approved by Seller stating that, upon recordation of such Apartment Deed, the Apartment is free and clear of all liens, encumbrances and assessments whatsoever other than those permitted by law and this Agreement. Real property

taxes, maintenance fees, and other prorations shall be made, and risk of loss shall transfer from Seller to Purchaser on the Closing Date.

8. **TIME IS OF THE ESSENCE.** Time is of the essence of this Agreement.
9. **CLOSING COSTS.** Purchaser will pay all closing costs associated with this purchase and sale, including: the escrow fee, cost of a preliminary title report, cost of preparation of the Apartment Deed, real property tax prorations and other customary prorations, all acknowledgment fees, conveyance taxes, title insurance, if requested by Purchaser, cost of any lender's title insurance, appraisal fees, costs for drafting of any notes and mortgages, all recordation costs or fees, loan fees, credit report costs and all other applicable mortgage costs, provided that it is understood that this sale is not subject to or conditioned upon Purchaser obtaining a loan. Purchaser shall also pay a start-up fee equal to two (2) months of the estimated maintenance fees in advance, and an additional fee equal to two (2) months of the estimated reserves.
10. **DELIVERY OF PUBLIC REPORT(S); PURCHASER'S RIGHT TO CANCEL; WAIVER.** Notwithstanding anything to the contrary herein, this Agreement shall become binding when (i) a true copy of the Final Public Report, together with the Receipt Form required by Hawaii Revised Statutes Section 514A-62, as amended, is delivered to Purchaser; (ii) Purchaser has had an opportunity to read said report(s), and a Deemed Acceptance of the report(s) shall have taken place; and (iii) when the Purchaser and Seller execute an affirmation instrument agreeing to render this Agreement a binding contract.

The date this Agreement shall become binding as a contract for the purchase and sale of the Apartment as set forth above shall be the Effective Date. Until the Effective Date, this Agreement may be unilaterally canceled at any time by either Seller or Purchaser by written notice to the other party, and upon such cancellation by either party, Seller shall direct Escrow to refund to Purchaser all Deposits paid hereunder by Purchaser, without interest. Upon the Effective Date, both Seller's and Purchaser's right of cancellation under this Section D.10 and under said Hawaii Revised Statutes Section 514A-62, as amended, shall lapse and any subsequent attempt at such cancellation shall have no force or effect.

11. **NO ASSIGNMENT BY PURCHASER.** Purchaser may not assign this Agreement, or sell the Apartment, or advertise the Apartment for sale prior to closing under this Agreement, and any assignment or sale or attempted sale by Purchaser prior to closing is void. Any attempt to assign the Agreement or sell the Apartment (including any advertising of the Apartment whatsoever) prior to closing shall be a material breach of this Agreement, and, in such event, Seller may exercise its remedies pursuant to Section D.15. below, including, without limitation, compelling the forfeiture of any of Purchaser's deposits held by Escrow. Notwithstanding the foregoing, Purchaser may, with the prior approval of Seller, assign this Agreement for estate planning purposes or to an entity owned and controlled by Purchaser; provided that upon any such assignment, Purchaser shall remain liable under this Agreement, and shall be responsible to perform all of the obligations of the "Purchaser" hereunder.
12. **NO PRESENT TRANSFER; SUBORDINATION.** This Agreement shall not be construed as a present transfer of any interest in the Property. It is, rather, an agreement to transfer in the future. Purchaser acknowledges that Seller has entered into or may enter into an agreement with one or more lenders (the "Lenders") pursuant to which the Lenders may loan monies to Seller upon terms acceptable to Lenders and to Seller. To secure the loan, Seller may grant to the Lenders security interests covering the Seller's interest in the Project, including the Property covered by this Agreement. Purchaser acknowledges and agrees that all security interests obtained by the Lenders in connection with such loan as well as any extensions, renewals and modifications thereof shall be and remain at all times, until the recordation of the Apartment Deed, a lien or charge on the Project, including the Property covered by this Agreement, prior to and superior to any and all liens or charges on the Project arising from this Agreement or any prior agreement. **THE PURCHASER HEREBY INTENTIONALLY WAIVES, RELINQUISHES AND SUBORDINATES THE PRIORITY OR SUPERIORITY OF ANY LIEN OR OTHER LEGAL**

OR EQUITABLE INTEREST ARISING UNDER THIS AGREEMENT IN FAVOR OF THE LIEN OR CHARGE ON THE PROJECT OF THE SECURITY INTERESTS OF THE LENDERS, INCLUDING BUT NOT LIMITED TO ANY LIEN, MORTGAGE OR CHARGE SECURING A LOAN MADE TO FINANCE THE ACQUISITION OF THE LAND AND OTHER COSTS ASSOCIATED WITH THE SALE OF THE PROJECT AND ANY AND ALL ADVANCES THEREFOR, WHETHER CONTRACTUAL OR VOLUNTARY, UNTIL THE RECORDATION OF THE APARTMENT DEED. The Purchaser further undertakes and agrees to execute any further documentation or subordination agreement required by the Lenders to evidence this subordination and hereby irrevocably appoints Seller as Purchaser's attorney-in-fact to execute any such instrument on behalf of Purchaser, should Purchaser fail or refuse to do so within ten (10) days after request is made or mailed. Said power of attorney is coupled with an interest, shall be irrevocable, and shall not be affected by the disability of the Purchaser. Purchaser also consents to Seller's assignment by way of security of Seller's interests in this Agreement and in Purchaser's escrow deposit to the Lenders and agrees that in the event of passage of Seller's interest therein pursuant to said assignment, that Purchaser will, at Lenders' option, perform to, attorn to and recognize Lenders (and their successors in interest, if any) as the Seller hereunder, with all of the rights of the Seller hereunder, all as if the Lenders were the original Seller hereunder. Purchaser further understands and agrees that the Lenders have the right under certain circumstances set forth or to be set forth in the mortgage instrument, the security agreement and any other loan documents pertaining to said agreement between Seller and Lenders to foreclose their mortgages and/or enforce their other remedies thereunder or under such other loan documents or possessed at law, and Purchaser hereby agrees in such connection that: (a) the managing agent of the Project is hereby irrevocably appointed by Purchaser as Purchaser's agent for acceptance of service of process during the term of this Agreement (which power is coupled with an interest and shall not be affected by the disability of the Purchaser), and any service of process upon said Managing Agent shall be deemed to be effective service of process upon Purchaser as though Purchaser has been personally served therewith; and (b) the rights of Purchaser hereunder are purely contractual in nature, enforceable only against Seller and its legal successors and assigns and not against the real property, improvements and/or appurtenances thereto which are the subject of said mortgage instrument, security agreement or other loan documents, and Purchaser expressly acknowledges and agrees that Purchaser need not be named a party defendant or plaintiff in any cause of action or suit by Lenders to foreclose and/or otherwise enforce their rights under said mortgage instruments or security agreements or other loan documents, nor does Purchaser have any right to be served with process in connection therewith or to be notified of the pendency thereof.

13. **NO WARRANTIES AND REPRESENTATIONS AS TO THE PROPERTY OR THE PROJECT.**

- a. **SELLER MAKES NO WARRANTIES OR PROMISES.** PURCHASER ACKNOWLEDGES THAT ALTHOUGH SELLER HAS UNDERTAKEN CERTAIN RENOVATIONS TO THE APARTMENTS AND COMMON ELEMENTS OF THE PROJECT, SELLER IS NOT THE ORIGINAL DEVELOPER OF THE PROJECT AND WAS NOT INVOLVED IN (AND IS NOT RESPONSIBLE FOR) THE ORIGINAL PLANNING OR CONSTRUCTION OF THE PROJECT. PURCHASER FURTHER ACKNOWLEDGES THAT THE PROJECT WAS SUBSTANTIALLY COMPLETED IN THE LATE 1960s AND HAS BEEN USED OVER THE YEARS PRIMARILY FOR HOTEL PURPOSES. PURCHASER UNDERSTANDS AND AGREES THAT THE APARTMENT IS BEING SOLD **"AS IS, WHERE IS" WITH ALL FAULTS** AND THAT SELLER DISCLAIMS AND MAKES NO WARRANTIES OR PROMISES OF ANY KIND, EXPRESS OR IMPLIED, ABOUT THE APARTMENT, THE LAND UNDERLYING THE PROJECT (THE "LAND") OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT), OR ABOUT ANY FURNISHINGS, FIXTURES, APPLIANCES OR OTHER CONSUMER PRODUCTS, MECHANICAL SYSTEMS, PLUMBING SYSTEMS, ELECTRICAL SYSTEMS, COOLING OR HEATING SYSTEMS OR ANYTHING ELSE INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE APARTMENT, THE LAND OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT),

INCLUDING ANY WARRANTIES OR PROMISES OF "HABITABILITY", "MERCHANTABILITY", "WORKMANSHIP" OR "FITNESS FOR A PARTICULAR USE OR PURPOSE".

WITHOUT LIMITING THE GENERALITY OF ANY OF THE FOREGOING, SELLER DISCLAIMS AND MAKES NO WARRANTIES OR PROMISES: (A) THAT THE PROJECT OR ANY IMPROVEMENTS IN THE APARTMENT, THE LAND OR THE PROJECT (INCLUDING THE COMMON ELEMENTS) WILL BE FREE FROM CRACKS IN, OR OTHER DAMAGE TO, THE CONCRETE OR OTHER BUILDING MATERIALS; (B) REGARDING THE VALUE, QUALITY, GRADE OR USEFUL LIFE OF THE APARTMENT, THE PROJECT OR ANYTHING INSTALLED, ATTACHED, AFFIXED OR OTHERWISE CONTAINED IN THE APARTMENT, THE LAND OR THE PROJECT (INCLUDING THE COMMON ELEMENTS OF THE PROJECT); (C) REGARDING THE STRUCTURAL, PHYSICAL OR ENVIRONMENTAL HISTORY OR CONDITION OF THE PROJECT, INCLUDING, WITHOUT LIMITATION, ANY DEFERRED MAINTENANCE AT THE PROJECT; OR (D) REGARDING THE SUITABILITY, CONFORMANCE, COMPLIANCE OR LACK OF COMPLIANCE OF THE PROJECT WITH ANY STATE, FEDERAL, COUNTY OR LOCAL LAW, CODE, ORDINANCE, ORDER, PERMIT, ADMINISTRATIVE REQUIREMENT, OR REGULATION, INCLUDING, WITHOUT LIMITATION, THOSE RELATED TO THE CONSOLIDATION AND SUBDIVISION OF LAND, THE OPERATION AND USE OF THE PROJECT AND ACCESSIBILITY OF THE PROJECT BY PERSONS WITH DISABILITIES. IN OTHER WORDS, SELLER MAKES NO WARRANTIES OR PROMISES AT ALL.

PURCHASER FOR ITSELF AND ITS SUCCESSORS, HEIRS AND ASSIGNS, RELEASES SELLER AND ITS AFFILIATES, AND EACH OF THEM AND THEIR RESPECTIVE PAST, PRESENT AND FUTURE MEMBERS, MANAGERS, DIRECTORS, OFFICERS, SHAREHOLDERS, EMPLOYEES, PROPERTY MANAGERS, AGENTS, VENDORS, CONSULTANTS, CONTRACTORS AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS (HEREAFTER THE "RELEASED PARTIES") FROM (AND WAIVES ANY CLAIM, ACTION OR LIABILITY WHICH ARISES FROM OR RELATES TO) ANY LATENT OR PATENT DEFECT IN ANY PART OF THE PROJECT OR THE APARTMENT, KNOWN OR UNKNOWN, WHICH EXISTS NOW OR IN THE FUTURE, OR WHICH ARISES FROM OR RELATES TO ANY LACK OF COMPLIANCE OF THE PROJECT WITH ANY STATE, FEDERAL, COUNTY OR LOCAL LAW, CODE, ORDINANCE, ORDER, PERMIT, ADMINISTRATIVE REQUIREMENT, OR REGULATION, THAT PURCHASER MAY HAVE AGAINST SELLER UNDER ANY FEDERAL, STATE OR LOCAL LAW, ORDINANCE, RULE OR REGULATION NOW EXISTING OR HEREAFTER ENACTED OR PROMULGATED, INCLUDING, WITHOUT LIMITATION, THOSE RELATED TO ASBESTOS, ASBESTOS-CONTAINING MATERIALS, LEAD-BASED OR LEAD-CONTAINING PAINT, HAZARDOUS MATERIALS AND ENVIRONMENTAL CONDITIONS OR MATTERS (INCLUDING THE PRESENCE OF MOLD OR MILDEW) IN, ON, UNDER, ABOUT OR MIGRATING FROM OR ONTO OR INTO THE PROJECT, OR BY VIRTUE OF ANY COMMON LAW RIGHT RELATING TO ASBESTOS, ASBESTOS-CONTAINING MATERIALS, LEAD-BASED OR LEAD-CONTAINING PAINT, HAZARDOUS MATERIAL AND ENVIRONMENTAL CONDITIONS OR MATTERS (INCLUDING THE PRESENCE OF MOLD OR MILDEW) IN, ON, UNDER ABOUT OR MIGRATING FROM OR ONTO OR INTO THE PROJECT. SELLER AND PURCHASER AGREE THAT THIS RELEASE FROM LIABILITY HAS BEEN SPECIFICALLY NEGOTIATED BETWEEN SELLER AND PURCHASER.

PURCHASER ACKNOWLEDGES AND AGREES THAT SELLER'S DISCLAIMER OF WARRANTIES AND REPRESENTATIONS CONTAINED IN THIS SECTION a. IS AN ESSENTIAL ELEMENT IN SELLER'S DETERMINATION OF THE

PURCHASE PRICE FOR THE APARTMENT BEING SOLD TO PURCHASER. THIS MEANS THAT THE APARTMENT WOULD NOT HAVE BEEN SOLD TO PURCHASER FOR THE AMOUNT OF THE PURCHASE PRICE STATED IN THIS AGREEMENT WITHOUT SELLER'S DISCLAIMER OF WARRANTIES AND REPRESENTATIONS.

- b. **PURCHASER'S INSPECTION AND ACCEPTANCE OF THE APARTMENT.** On a date specified by Seller, Purchaser (or Purchaser's agent or representative) may inspect Purchaser's Apartment. Such inspection may include evaluation and testing by licensed professionals with respect to the physical and environmental conditions in the Apartment and the Project, provided such inspection does not cause unreasonable interference with the use and enjoyment of the Project by the occupants or cause any property damage. Purchaser gives up all rights to inspect if Purchaser (or Purchaser's agent or representative) does not inspect Purchaser's Apartment on the date and at the time set by Purchaser and Seller.

An inspection sheet will be provided at the inspection on which Purchaser may list any defects or damages to the Apartment. Seller shall cooperate with, and assist Purchaser in having listed defects or damages corrected or repaired. Purchaser agrees to close the sale of the Apartment on time and accept possession of the Apartment even if there are defects or damages to the Apartment or anything in it, as long as the Apartment is not rendered uninhabitable thereby. Purchaser agrees that inspection of the Project, the Land or the Apartment (including its furnishings, fixtures or appliances) is not required for closing to take place.

Purchaser shall have ten (10) days from Seller's Execution Date of this Agreement to perform or engage a professional consultant to inspect the common elements of the Project at Purchaser's option and expense.

Purchaser promises to protect Seller from any loss or damage, including interest and attorneys' fees, resulting from Purchaser's failure to close the sale of the Apartment or to accept possession of the Apartment as required above. If Purchaser refuses to close the sale of the Apartment or to accept the Apartment as required by this Agreement, Purchaser will be in default under this Agreement and Seller may, in Seller's sole discretion, (a) cancel this Agreement and refund the Purchaser's deposit, or (b) charge a late fee of one percent (1%) per month on the total Purchase Price, or (c) exercise any of Seller's rights described in Section 15 of this Agreement.

- c. **SELLER MAKES NO PROMISES OR WARRANTY ABOUT THE CONDOMINIUM MAP.** The Condominium Map for the Project which is recorded in the Office of the Registrar of the Land Court of the State of Hawaii is intended to show only the layout, location, apartment numbers and approximate dimensions of the apartments and the elevations of the Building. PURCHASER AGREES THAT NEITHER THE CONDOMINIUM MAP NOR THE BUILDING PLANS AND SPECIFICATIONS FOR THE PROJECT ARE INTENDED TO CONSTITUTE ANY WARRANTIES OR PROMISES BY SELLER.
- d. **SELLER MAKES NO PROMISES OR WARRANTY ABOUT THE AMOUNT OF MONTHLY MAINTENANCE FEES.** Purchaser has examined and approved the estimate of monthly maintenance fees and assessments for the Project prepared by the Managing Agent and shown in the Public Report. Purchaser is aware that such amounts are only estimates and may change for reasons beyond the control of Seller, and Purchaser hereby specifically accepts and approves any changes in such estimate made by Seller or the Managing Agent. PURCHASER AGREES THAT SUCH ESTIMATES ARE NOT INTENDED TO BE AND DO NOT CONSTITUTE ANY WARRANTY OR PROMISE BY SELLER, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTY OR PROMISE AS TO THE ACCURACY OF SUCH ESTIMATES.

- e. **SELLER MAKES NO PROMISES OR WARRANTY ABOUT THIRD-PARTY REPORTS.** Seller makes no warranty or representation whatsoever that Seller has provided all studies, reports, tests or other written investigations that may pertain to the condition of the Apartments and the other areas of the Building, Land or the Project. To the extent that Seller may have hired or commissioned any study, test or other investigation of the condition, useful life, legal compliance or any other matter relating to the Apartments, the Land, the Project, or any furnishings, fixtures, appliances or other consumer products or anything else installed, attached, affixed or otherwise contained in the Apartments, the Land or the Project, and to the extent Seller may make the results of any such study, test or investigation available to Purchaser in connection with the offer or sale of the Project, Seller disclaims and makes no warranty or promise regarding the accuracy, reliability or value of any statement or opinion expressed by such third-party. PURCHASER AGREES THAT PURCHASER'S USE OR CONSIDERATION OF ANY SUCH INFORMATION IN CONNECTION WITH THE OFFER OR SALE OF THE APARTMENT SHALL BE AT PURCHASER'S SOLE RISK.
- f. **SELLER MAKES NO PROMISES ABOUT RENTALS OR OTHER ECONOMIC BENEFITS.** PURCHASER AGREES THAT NEITHER SELLER NOR ANY SALESPERSON, OR OTHER PERSON AFFILIATED WITH OR IN ANY WAY RELATED TO SELLER HAS TALKED TO PURCHASER AT ALL ABOUT ANY RENTAL INCOME OR RENTAL, MANAGEMENT OR SALES SERVICES FOR PURCHASER'S APARTMENT. IF PURCHASER WANTS TO RENT OR SELL THE APARTMENT, HOW PURCHASER DOES IT WILL BE UP TO PURCHASER. PURCHASER ALSO AGREES THAT NEITHER SELLER NOR ANY SALESPERSON OR OTHER PERSON AFFILIATED WITH OR IN ANY WAY RELATED TO SELLER HAS TALKED TO PURCHASER AT ALL ABOUT INCOME FROM THE APARTMENT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE PURCHASE OR OWNERSHIP OF THE APARTMENT OR ABOUT THE TAX EFFECTS OF BUYING THE APARTMENT. PURCHASER IS ADVISED TO CONTACT HIS OR HER OWN ADVISERS ON ALL SUCH MATTERS.
- g. **SECURITIES AND DISCLOSURE LAWS OR REGULATIONS.** PURCHASER AGREES THAT SELLER MAY, AS A REQUIREMENT FOR CLOSING, REQUIRE PURCHASER, ANY SALESPERSON, OR ANYONE ELSE CONNECTED WITH THE OFFER TO SELL AND THE SALE OF THE APARTMENT, TO SIGN AND DELIVER TO SELLER ADDITIONAL DOCUMENTS, INCLUDING, WITHOUT LIMITATION, WAIVERS, AFFIDAVITS OR OTHER DOCUMENTS AS MAY BE REQUIRED BY SELLER FROM TIME TO TIME, TO SATISFY SELLER THAT THE OFFER TO SELL AND THE SALE OF THE APARTMENT IS NOT IN VIOLATION OF ANY FEDERAL OR STATE SECURITIES LAWS OR REGULATIONS.

PURCHASER AGREES THAT IF SELLER DETERMINES IN ITS SOLE DISCRETION THAT THERE HAS BEEN A VIOLATION OR AN ALLEGED VIOLATION OF ANY FEDERAL OR STATE SECURITIES LAWS OR REGULATIONS (WHETHER BY PURCHASER, SELLER OR ANY THIRD PARTIES), SELLER'S INJURY CAUSED BY SUCH VIOLATION OR ALLEGED VIOLATION WILL BE UNCERTAIN AS TO NATURE AND AMOUNT AND WILL BE DIFFICULT AND EXPENSIVE TO DETERMINE. BECAUSE OF THIS, PURCHASER AGREES THAT SELLER MAY OBTAIN AN INJUNCTION (IN OTHER WORDS, A COURT ORDER) FROM A COURT PROHIBITING ANY ACTS BY PURCHASER WHICH GIVE RISE TO SUCH VIOLATION. SELLER MAY ALSO TAKE ADVANTAGE OF ANY OF SELLER'S RIGHTS DESCRIBED IN SECTION 15 OF THIS AGREEMENT. ALL OF SELLER'S COSTS, INCLUDING REASONABLE ATTORNEYS' FEES, INCURRED BECAUSE OF PURCHASER'S ACTIONS IN VIOLATION OF ANY FEDERAL OR SECURITIES LAWS OR REGULATIONS, WILL BE PAID BY PURCHASER.



PURCHASER ALSO AGREES THAT IF PURCHASER CLAIMS THERE HAS BEEN ANY VIOLATION OF ANY FEDERAL OR STATE SECURITIES OR DISCLOSURE LAWS OR REGULATIONS (INCLUDING THE CONDOMINIUM PROPERTY ACT) CONNECTED WITH THE OFFER OR SALE OF THE APARTMENT, THE INJURY CAUSED BY SUCH VIOLATION WILL BE DIFFICULT AND EXPENSIVE TO DETERMINE. BECAUSE OF THIS, PURCHASER AGREES THAT PURCHASER'S ONLY REMEDIES WILL BE (1) TO SUE FOR SPECIFIC PERFORMANCE, WITH A FULL WAIVER OF ANY DAMAGES, OR (2) TO SUE FOR A REFUND OF THE TOTAL PURCHASE PRICE AND CLOSING COSTS ACTUALLY PAID, PLUS INTEREST AT THE RATE OF EIGHT PERCENT (8%) PER YEAR FROM THE FINAL CLOSING DATE UNTIL THE DATE OF REPAYMENT. IF PURCHASER ELECTS TO SUE FOR A REFUND AND ESTABLISHES SELLER'S LIABILITY UNDER THIS PARAGRAPH, SUCH REFUND WITH INTEREST AS PROVIDED HEREIN WILL BE LIQUIDATED DAMAGES AND NOT A PENALTY; SELLER AND PURCHASER HEREBY AGREE (i) THAT ANY ACTUAL DAMAGES SUFFERED BY PURCHASER WOULD BE DIFFICULT AND IMPRACTICABLE TO DETERMINE, (ii) THAT THE AMOUNT OF THE REFUND IS NOT LESS THAN THE BEST ESTIMATES OF THE PARTIES OF PURCHASER'S ACTUAL DAMAGES; AND (iii) SELLER HEREBY WAIVES ANY DEFENSE OR OBJECTION TO THE ENFORCEABILITY OF SUCH LIQUIDATED DAMAGES BY PURCHASER. FURTHER, THE PARTIES AGREE, STIPULATE AND ACKNOWLEDGE THAT ANY ADDITIONAL AMOUNTS PAID BY PURCHASER FOR THE APARTMENT (SUCH AS MAINTENANCE CHARGES AND OTHER COMMON EXPENSES INCLUDING LIMITED COMMON EXPENSES, REAL PROPERTY TAXES, MORTGAGE LOAN FEES AND INTEREST, AND THE START-UP FEE) ARE NOT MORE THAN THE REASONABLE VALUE OF USE OF THE APARTMENT FROM THE FINAL CLOSING DATE UNTIL THE DATE OF REPAYMENT.

Purchaser agrees that the terms of this Section g. will continue after the closing and will apply to Purchaser as well as to anyone claiming by, through or under Purchaser or the Apartment, notwithstanding anything contained herein to the contrary.

h. **ADDITIONAL DISCLOSURES.** Purchaser acknowledges receipt of notice that:

1. **USE OF APARTMENTS.** The Declaration of Condominium Property Regime of Palms at Waikiki (the "Declaration") provides that the Apartments in the Project may be used for hotel purposes. The Project is subject to the Declaration, the Bylaws and the House Rules, as the same may be amended from time to time. FOR INFORMATION REGARDING OWNERS' RIGHTS AND OBLIGATIONS REGARDING, AMONG OTHER THINGS, THE USE, DECORATION AND OWNERSHIP OF THE APARTMENT, PURCHASERS SHOULD READ THE CONDOMINIUM DOCUMENTS, INCLUDING THE DECLARATION, BYLAWS AND HOUSE RULES. There are also other restrictions that may apply. Purchasers should refer to the condominium public report for particulars.
2. **DISCLOSURE OF NON-CONFORMING CONDITIONS.** The Seller has obtained a letter from the Department of Planning and Permitting of the City and County of Honolulu dated September 17, 2004 confirming that the Project met all applicable code requirements when constructed in 1968. Since 1968, the Project has been operated for many years as a legal non-conforming hotel. Generally, this designation means that, although in compliance with the zoning and building code effective when the structure was built, some aspects of the building do not meet the requirements of the current Land Use Ordinance ("LUO") and Uniform Building Code ("UBC") adopted by the County. These aspects are generally "grandfathered" and treated as legal, but (among other

risks) legal non-conforming status can be lost if the use of the building changes or for other reasons, and Seller can give no assurances that the Project will not hereafter be required to conform to such requirements now in force or hereafter imposed.

Generally, the existence of nonconforming conditions in the Project means that in the event of a major casualty, which causes the destruction of the building to an extent of more than fifty percent (50%) of its replacement cost at the time of destruction, the building cannot be reconstructed except in conformity with the then current and applicable provisions of the LUO and UBC. Certain exceptions to the general development standards applicable to nonconforming uses and structures in the apartment-mixed use precinct of the Waikiki Special District, in which the Project is located, are set forth in Section 21-9.80-4(e) of the LUO. Also, the recent passage of Bill 63 (2003), CD 2 amends the LUO to provide greater flexibility in development standards applicable within the Waikiki Special District to encourage revitalization, redevelopment and renovation of nonconforming properties in the district. However, Seller makes no representations or promises regarding the possible benefits to Purchaser or the Association under the provisions set forth in Section 21-9.80-4(e) of the LUO or Bill 63 (2003), CD 2.

PURCHASER AGREES, BY THE ACCEPTANCE OF AN OWNER'S APARTMENT DEED IN THIS PURCHASE TRANSACTION, TO ACCEPT THE NONCONFORMING CONDITIONS DESCRIBED ABOVE, AND FURTHER AGREES THAT THE PURCHASERS OF CONDOMINIUM APARTMENTS IN THE PROJECT ARE ASSUMING ALL RESPONSIBILITY FOR ANY CHANGES TO THE PROJECT THAT MAY BE REQUIRED WITH RESPECT TO ANY NONCONFORMING CONDITIONS.

3. **PENDING LITIGATION.** The Project is presently the subject of litigation by the Seller against the former owners from which the Seller purchased the Project and their affiliates, and the former hotel management company engaged by Seller to operate the Project as a hotel. This litigation does not involve Purchasers nor is Seller aware of any reason why any Purchaser could or would become a party to this litigation, and the description provided below is solely for Purchaser's informational purposes.

The litigation is being conducted in three related actions in the Circuit Court of Honolulu, Hawaii, entitled respectively *LaeRoc Waikiki Parkside, etc. vs. KSK (Oahu) Limited Partnership, etc., et al.* (Civil Case No. 02-002013), *Resortquest Hawaii LLC, etc., et al. vs. LaeRoc Waikiki Parkside, LLC, etc.* (Civil Case No. 02-2695) and *LaeRoc Waikiki Parkside, LLC vs. K.S.K. (Oahu) Limited Partnership, etc., et al.* (Civil Case No. is 04-1-0564 (BIA)). The pleadings and papers on file, and the documents and discovery developed in this litigation, are too voluminous to characterize here, but generally the litigation involves the Seller's claims against the former owners for concealed and undisclosed physical conditions of the Building, and against the former management company for failure to make required monthly guaranteed payments to Seller, and breach of its duties to properly maintain and operate the Project. Seller's counsel in this litigation is as follows:

Glenn K. Sato, Esq.  
220 S. King St., Ste. 600  
Honolulu, HI 96813  
Ph: 808-537-1625    Fx: 800-256-9480

Purchasers may contact Seller's counsel for access to copies of the pleadings and papers on file in the litigation and the discovery which has thus far been done by the various parties. However, Purchasers are cautioned that the litigation is ongoing and the posture of the case and the matters developed in discovery are subject to change. Moreover, because the matter is presently in litigation Seller's counsel is not at liberty to discuss the status or progress of the case with Purchasers or their representatives, and cannot provide any information other than access to copies of the pleadings and papers on file in the litigation and the discovery which has been done with adverse parties.

4. **CONDITION OF PROJECT.** PURCHASERS ARE AGAIN ADVISED THAT THE PROJECT WAS ORIGINALLY CONSTRUCTED IN THE LATE 1960s AND NOTWITHSTANDING CERTAIN RENOVATION WORK DONE BY THE SELLER, PURCHASERS SHOULD NOT EXPECT THAT THE APARTMENTS BEING OFFERED FOR SALE NOR ANY COMPONENTS OF THE PROJECT WILL BE LIKE NEW. PURCHASERS ARE FURTHER ADVISED THAT NOT ALL POTENTIAL UPGRADES TO THE PROJECT CONSIDERED DURING THE COURSE OF THE SELLER'S RENOVATION WERE ADOPTED BY THE SELLER. PURCHASERS WILL, THEREFORE, BE ACQUIRING APARTMENTS AND APPURTENANT LIMITED COMMON ELEMENTS AND UNDIVIDED INTERESTS IN THE COMMON ELEMENTS OF THE PROJECT IN "AS IS" CONDITION, WITH ALL FAULTS. PURCHASERS, AS THE OWNERS OF APARTMENTS IN THE PROJECT COMPRISING THE ASSOCIATION OF OWNERS WILL BE RESPONSIBLE FOR FUNDING THE COSTS TO REPAIR, MAINTAIN AND REPLACE ALL COMPONENTS OF THE PROJECT, THROUGH THE GENERAL OPERATING BUDGET OR BY SPECIAL ASSESSMENT MADE TO ALL OWNERS.

ACCORDINGLY, PURCHASERS SHOULD READ THE RESERVE STUDY PREPARED BY ARMSTRONG CONSULTING, INC., A COPY OF WHICH PURCHASER HEREBY ACKNOWLEDGES RECEIVING, CAREFULLY TO UNDERSTAND THE CONDITION OF THE PROJECT AND VARIOUS COMPONENTS THEREOF AS WELL AS THE ANTICIPATED REPLACEMENT COSTS FOR SUCH COMPONENTS BEFORE DECIDING TO PURCHASE AN APARTMENT IN THE PROJECT. PURCHASERS ARE ALSO REFERRED TO THE FOLLOWING ADDITIONAL DISCLOSURE ITEMS:

- (i) **GENERAL CONDITION DISCLOSURE.** The Project may be subject to exterior spalling and weathering, rust, earthquake, fire, floods, erosion, high water table, dangerous underground soil conditions and similar occurrences or conditions which may alter the Project's condition or affect its suitability for any proposed use. Seller shall have no responsibility or liability for or with respect to any such occurrence or condition.
- (ii) **AIR CONDITIONING COMPONENTS.** The air-conditioning system and components thereof were originally installed when the Project was constructed over thirty (30) years ago. Purchasers are advised that although various components of the air-conditioning system for the Building have been repaired or replaced over time, including extensive repairs by Seller to elements of the system and replacement of individual air handling units in the Apartments, the air-conditioning system as a whole is not new and therefore, Purchasers should anticipate that there will be costs incurred by the Association to repair,

maintain, replace and/or upgrade various components of the air-conditioning system in the future.

- (iii) **BALCONIES AND SLIDING DOORS.** As part of the Seller's repairs and renovations of the Building, the balcony decks are receiving new color and sealer applications, and local repairs of certain areas of spalling have been made on some balconies. However, the Seller has not undertaken general repairs of all of the balconies, and due to the age of the Building, Purchasers should anticipate additional repairs as necessary in the future. The Seller's renovation also includes some maintenance and repairs to a number of the sliding doors from Apartments to their balconies, but the sliding door installations have not been replaced and are not new, and Purchasers should be aware that such installations are vulnerable to leakage.
- (iv) **CONCRETE SPALLING.** The Seller's repairs and renovations include new painting of the Building exterior and related cosmetic repairs. However, due to the age of the Building and prevailing climate, the exterior of the Building may experience cracking and spalling in certain areas, and particles of paint and cement from the exterior of the Building may fall onto the balconies of Apartments. As indicated in the Reserve Study, the occurrence of concrete spalling from the exterior of the Building cannot be predicted with certainty and is therefore, not budgeted in the Reserve Study. Repair to any future spalling will accordingly, be an expense of the Association.
- (v) **ELECTRICAL.** The electrical system in the Building is being repaired due to damage incurred during the demolition and abatement work which has been part of the current renovation and repairs, and additional outlets in a number of Apartments are being provided to service appliances, without increasing overall electrical capacity in the Building or on individual floors. The existing capacity is anticipated to be adequate for expected normal usage, although there is an unlikely possibility that occupants could simultaneously overload existing outlets and cause interruption of electrical service on one or more floors. As noted in the Reserve Study, it has not been determined if the utilities supplying electrical service own the Building transformers, so no funds are reserved for repair, maintenance or replacement of them. In the event that the transformers are deemed property of the Project, these costs will be a common expense to be shared by all owners.
- (vi) **PLUMBING REPAIRS.** Extensive repairs to elements of the Building drains and related plumbing installations are being made as part of Seller's current renovation of the Building on a number of floors (not including portions of the lobby, mezzanine and parking levels). However, because of the age of the Building additional elements of the plumbing, for individual Apartments or the Building systems generally, are anticipated to require repairs from time to time.

PURCHASERS SHOULD CAREFULLY REVIEW THE RESERVE STUDY AND ALL OTHER PROPERTY CONDITION INFORMATION PRIOR TO SIGNING THIS AGREEMENT. SELLER MAKES NO REPRESENTATIONS OR WARRANTY WHATSOEVER THAT THE INFORMATION CONTAINED IN ANY STUDIES OR REPORTS PROVIDED TO PURCHASERS OR THE USEFUL LIVES AND REPLACEMENT COSTS OF THE COMPONENTS LISTED IN THE RESERVE STUDY ARE COMPLETE OR ACCURATE.

5. **AMERICANS WITH DISABILITIES ACT ("ADA").** Prior to Seller's acquisition of the Project, the former owners entered into a Settlement Agreement, General Release and Waiver of Claims in March, 1997, which resolved an action brought against the prior owner for alleged ADA violations relating to the Building, and which provided for certain remedial work to be done to bring the Project into agreed-upon compliance with various ADA requirements. The Seller as part of its renovation and repair upon acquiring the Project has undertaken to complete the work provided by the 1997 settlement. However, the possibility of future complaints based on alleged ADA noncompliance other than the matters previously remedied is always present, and Purchasers must recognize the potential for future expenses for additional ADA compliance work on the Building.

PURCHASER ACKNOWLEDGES AND AGREES, FOR HIM OR HER SELF AND HIS OR HER SUCCESSORS, HEIRS AND ASSIGNS, THAT PURCHASER ACCEPTS THE CONDITION OF THE PROJECT GIVEN THE ADA REMEDIATION WORK DONE BY SELLER, AND HEREBY RELEASES SELLER AND ITS AFFILIATES, AND THEIR AND EACH OF THEIR RESPECTIVE PAST, PRESENT AND FUTURE MEMBERS, MANAGERS, DIRECTORS, OFFICERS, SHAREHOLDERS, EMPLOYEES, PROPERTY MANAGERS, AGENTS, AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS FROM, AND WAIVES ANY CLAIM, ACTION OR LIABILITY WHICH ARISES FROM OR RELATES TO, SUCH CONDITIONS. PURCHASER FURTHER ACKNOWLEDGES AND AGREES, FOR HIM OR HER SELF AND HIS OR HER SUCCESSORS, THAT PURCHASER HAS CONSIDERED THE POTENTIAL FOR FURTHER ADA REMEDIATION OBLIGATIONS IN CONNECTION WITH THE OFFER OR SALE OF THE APARTMENT OR PROJECT, AND ACCEPTS THAT ANY SUCH OBLIGATIONS SHALL BE AT PURCHASER'S SOLE RISK.

6. **FLOOD ZONE.** County records indicate that the Project is located in Flood Insurance Rate Map (FIRM) Zone AO. The current Managing Agent for the Project has obtained or will obtain flood insurance for the Project, however, Seller disclaims and makes no promises as to the adequacy of such insurance coverage.
7. **HAZARDOUS MATERIALS.** Seller has undertaken remediation work to remove or otherwise deal with asbestos at the Project, in accordance with the recommendations of Seller's consultants. Seller has made no independent investigation, however, as to other hazardous substances in the Apartments or in, under or around the Project, including, but not limited to, radioactive materials, organic compounds known as polychlorinated biphenyls, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances, and any and all other substances or materials defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials" or "toxic substances" under, or for the purposes of, hazardous materials laws. In light of the age of the Project, there may be other hazardous substances in the Apartments or in, under or around the Project. Because of the possible presence of such substances, Purchasers should have their respective Apartments inspected to determine the extent (if any) of such contamination and any necessary remedial action. Seller will not correct any defects in the Apartment or in the Project or anything installed or contained therein and Purchaser shall expressly release Seller from any liability if any hazardous materials are discovered. Purchaser shall have ten (10) days from the date of Seller's Execution Date of this Agreement to perform a risk assessment

or inspection, at Purchaser's option and expense, for the presence of hazardous materials in the Apartment or Project.

8. **LEAD-BASED OR LEAD CONTAINING PAINT.** Seller's current renovation of the Building includes extensive painting of exterior and interior surfaces, with non-lead paints. However, all Purchasers are hereby notified that the Project may nonetheless present exposure to lead from lead-based or lead-containing paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. Seller has provided Purchaser with a lead paint addendum to this Agreement which has been acknowledged by Purchaser. Purchaser shall have ten (10) days from Seller's Execution Date of this Agreement to perform a risk assessment or inspection, at Purchaser's option and expense, for the presence of lead-based paint and/or lead-based hazards in the Apartment.
9. **MOLD/MILDEW.** Purchaser is advised that certain toxic molds have previously been detected at the Project, and the Seller has engaged the services of mold remediation contractors to conduct extensive mold remediation work at the Project, which have included replacement of all of the drywall walls for the Apartment interiors and substantial additional portions of the hallway drywall. However, Purchaser acknowledges that Seller cannot guaranty that mold, mildew, fungus and other types of bacterial growths will not recur. Tropical climates with warm temperatures, high humidity and frequent precipitation are generally conducive to the propagation of mold, mildew, fungus and other types of bacterial growths. Though the Building, deck surfaces and other improvements that are a part of the Project may be cleaned to satisfactory appearance, Purchaser acknowledges that Seller cannot guaranty mold, mildew, fungus and other types of bacterial growths can be eliminated. Purchaser should be aware that, as with all properties, the Building may have hidden, enclosed and unreachable areas where growths can occur and cannot be detected or completely removed, and that there may in the future be mold and mildew growth in the Project if the Association and occupants of the Apartments do not properly maintain the Project. If Purchaser, any member of Purchaser's family, or any person who will inhabit the Apartment has respiratory, skin or other health ailments or conditions that can be affected by mold, mildew, fungus or other types of bacterial growths, they should seek professional advice before completing this purchase. It is agreed that Seller does not undertake to provide counsel as to the effect that any mold, mildew, fungus and other type of bacterial growths in the Project may have relating to the health, welfare and continued enjoyment of the Apartment and the Project by Purchaser or any particular individual. Purchaser shall have ten (10) days from Seller's Execution Date of this Agreement to perform or engage a professional consultant to perform a risk assessment or inspection in the Apartment and the Project, at Purchaser's option and expense, for the presence of mold, mildew, fungus or other types of bacterial growths in the Apartment and the Project.
10. **FLOOR LEVELING.** The floors of certain Apartments may not be exactly level. In most instances, floor coverings will render such leveling discrepancies unnoticeable. Some purchasers, may, however, notice such floor conditions notwithstanding floor coverings.
11. **CONSTRUCTION ON PROPERTY IN CLOSE PROXIMITY TO PROJECT.** Purchasers are advised that one or more new towers may be constructed on the Hilton Hawaiian Village property situated across Ala Moana Boulevard from the

Project, or potentially in other locations near the Project, that may adversely impact view channels from the Project.

12. **TRAFFIC SIGNALIZATION.** Traffic signalization may be altered on Ala Moana Boulevard due to future improvements on the Hilton Hawaiian Village property, thus impacting traffic flow and possibly, ingress and egress from the Project.
13. **SALE OF APARTMENT 105.** The Seller intends to sell Apartment 105, which comprises the front desk of the Project, to Aqua Hotels and Resorts, LLC. In the event that Aqua Hotels and Resorts, LLC ceases to be the hotel operator for the Project, it has agreed to reconvey Apartment 105 to the Association.
14. **REAL PROPERTY TAXES.** The Apartments are not yet separately assessed for property tax purposes and at closing the Seller will allocate property taxes among the Apartments based on the ratio of their gross list prices.
15. **POOL SAFETY.** Purchaser is aware that there is no lifeguard on duty at the pool within the Project. Accordingly, Purchaser acknowledges that Purchaser's safety as well as the safety of Purchaser's children, tenants and guests are Purchaser's own responsibility while using the pool. Children must be accompanied by an adult while using the pool and there is no diving permitted. Purchaser is directed to the House Rules for more information regarding the use of the pool. All residents and guests swim at their own risk.
16. **NUISANCE AND NATURAL OCCURRENCE DISCLOSURES.** The following is a partial list of potential items which Apartment owners or occupants may find objectionable:
  - (i) **AIRFLOW AND WIND.** Air flow in, around and through the Building, the Project, and the Apartment resulting in smoke (from tobacco or other smoking substances), barbeque odors, other cooking odors, perfumes, and other odors being transmitted to the Apartment or the Project and wind or wind-related noises or nuisances that may result therefrom.
  - (ii) **BUILDING AND HOTEL OPERATIONS.** Noises, odors, chemical odors or fumes from Building or hotel operations, including janitorial, maid, elevator and mechanical equipment operations, and landscape maintenance, repair and replacement activity.
  - (iii) **NEIGHBORS.** Neighbors, including adjacent apartment owners, their guests and invitees, whether below, above or on the side of the Apartment and their respective behaviors and idiosyncrasies, whether occurring in an apartment or the common areas of the Project.
  - (iv) **ADJACENT PROPERTIES.** Nuisances arising from adjacent properties and their respective operational issues, such as trash pickup, deliveries, guests, tenants, clients and invitees, and any construction work they may perform from time to time.
  - (v) **PEDESTRIANS.** Nuisances arising from pedestrian traffic.
  - (vi) **TRAFFIC.** Nuisances arising from traffic, including dust, sounds (alarms, engines, screeching tires, etc.), and exhaust fumes.

(vii) **NATURAL OCCURRENCES.** Earthquakes, tsunamis, volcanic ash or haze, animals, insects, pestilence, drought, and other natural occurrences.

(viii) **CONDOMINIUM LIVING.** The Building is multi-storied. As such, there are other apartments located adjacent to, above and/or below the Apartment. There is some possibility of sound transmission, smells, smoke, and other possible nuisances between apartments.

This is not a complete list of all potential objectionable matters, and Purchaser acknowledges there may be others. Purchaser releases and indemnifies Seller, its agents, consultants, contractors and employees from any and all liability or claims made by Purchaser, any successor or assigns of Purchaser, or any tenant or guest of Purchaser, arising from all such matters, whether listed above or otherwise.

**EACH PURCHASER AGREES TO ACCEPT EACH CONDITION, CIRCUMSTANCE AND RISK DESCRIBED ABOVE OR IN ANY OF THE REPORTS OR INFORMATION PROVIDED BY SELLER, AND FURTHER AGREES THAT NEITHER SELLER, NOR ANY OF THE "RELEASED PARTIES" DESCRIBED IN SECTION 13.a. ABOVE, SHALL BE RESPONSIBLE FOR CORRECTING ANY SUCH CONDITIONS.**

14. **OCCUPANCY.** Purchaser shall not be entitled to possession of the Apartment as the Owner thereof until Purchaser has completed all payments set forth above and has executed all documents relating to the purchase, and Purchaser has performed the remaining terms and conditions of this Agreement which are to be performed as of the Closing.
15. **SELLER'S REMEDIES.** Following Deemed Acceptance of the Final Public Report as described in Section 10 above, if the Purchaser shall default in making any payment when required, or fail to perform any other obligation required of the Purchaser hereunder, this Agreement may, at Seller's option, be terminated by written notice to Purchaser. The Seller and Purchaser hereby acknowledge that they understand and have agreed that in such event the injury to Seller will be difficult and expensive to measure in view of: Seller's financial commitments with respect to the Project; the connection between sale, cancellation or default with respect to one apartment and sale, cancellation or default with respect to other apartments in the Project; and the nature of the real estate market in Hawaii. As a reasonable estimate of Seller's fair compensation for any damages resulting from such default, the parties agree that the sums paid by the Purchaser hereunder as a deposit shall belong to Seller as liquidated damages. Seller shall also have the right to pursue any remedies available to it in law or in equity, including, without limitation, the right to sue for specific performance.
16. **NOTICES.** Notices to either party may be delivered personally or mailed, postage prepaid, addressed to such party at its address set forth above (or such more recent address of which the mailing party may have given notice in writing) and shall be deemed to be given when so delivered or mailed. If more than one person is listed as a Purchaser, delivery or mailing made to any one of them shall be deemed delivery as to all. Delivery or mailing may also be made to any officer of a corporate party.
17. **PURCHASER'S DEATH.** If Purchaser, or any one or more of the Purchasers, if there is more than one Purchaser listed above, should die prior to Closing, Seller reserves the right to return Purchaser's payments (including payments to all parties if there is more than one Purchaser listed in this Agreement) without interest and less any cancellation costs and fees and this Agreement shall then be deemed to have been cancelled and both Seller and Purchaser shall be released from all obligations and liability hereunder.
18. **MEDIATION; ARBITRATION.** Any dispute by or between the Association, and/or any Purchaser and/or any tenants or occupants of the Project, on the one hand, and Seller, its, architect, designers,



consultants, sales agents, lenders, and their respective predecessors and/or successors-in-interest, on the other hand, arising out of or incident to the operation of the Project or the sale of any Apartment or any other aspect of the relationship between such entities regarding the Project shall first be submitted to mediation pursuant to the commercial mediation rules of the American Arbitration Association (hereinafter referred to as the "AAA") then in effect. Should such mediation fail to resolve the matter in dispute, any person that desires to submit any issue or dispute to arbitration shall promptly submit the matter to arbitration pursuant to the commercial rules of arbitration of the AAA and shall so notify the other party in writing. Claims or disputes shall be heard by a single arbitrator. The arbitrator shall be selected by the AAA upon receiving notice from either party that a dispute exists. The decision of the arbitrator shall be final, conclusive and binding on the parties hereto. All proper costs and expenses of such arbitration including, without limitation, witness fees, attorneys' fees and the fees of the arbitrators shall be charged to the party or parties in such amounts as the arbitrator shall determine at the time of the award. In the event of the failure, inability or refusal of the arbitrator to act, a new arbitrator shall be appointed in his stead by the AAA. An award so rendered shall be binding in all aspects and shall be subject to the provisions of Chapter 658A, Hawaii Revised Statutes, as the same may be amended from time to time. In the resolution of any dispute or controversy as set forth in this Section D.18., each party hereby irrevocably waives any right and claim to exemplary or punitive damages in any jurisdiction. Any documents of assignment, lease or conveyance of any Apartment or other interest in the Project shall be deemed to incorporate those provisions for arbitration of disputes set forth in this Section D.18., as if the same were fully set forth in any such document. Any person who is injured by reason of the fact that a dispute subject to the provisions of this arbitration provision is resolved other than by arbitration may recover as damages the cost and expense incurred by reason of the fact that the dispute was not submitted to arbitration for resolution. Any arbitration proceedings under this Section D.18. will be submitted to arbitration in the City and County of Honolulu, State of Hawaii.

19. **TITLE INFORMATION.** The information appearing in Section B. hereof and any vesting information provided to Escrow by Purchaser will be used for preparing the Apartment Deed. Purchaser affirms that the information is correct and complete and agrees to inform the Seller immediately if any of those details are changed. If, as a result of incorrect information provided by Purchaser or a change in the identity of the Purchaser, the Apartment Deed is prepared incorrectly and must be redrawn, the Purchaser agrees to pay all costs involved in such redrafting.
20. **UNCLAIMED REFUNDS.** Except as otherwise provided by law, Escrow shall give each Purchaser entitled to a return of funds notice thereof by certified or registered mail, addressed to such Purchaser at the address shown in Section B. above or any address later made known in writing to Escrow by such Purchaser. IF PURCHASER SHALL NOT HAVE CLAIMED SUCH REFUND WITHIN ONE HUNDRED TWENTY (120) DAYS, ESCROW SHALL THEREAFTER DEPOSIT SUCH FUNDS INTO A SPECIAL ACCOUNT IN A BANK OR OTHER DEPOSITORY SELECTED BY ESCROW, IN THE NAME OF SELLER, AS TRUSTEE FOR THE BENEFIT OF SUCH PURCHASER. After having sent the Seller written notice of the foregoing acts, Escrow shall thereupon be released from further liability with respect to such funds and such Purchaser.
21. **OTHER ACTIVITIES.** Purchaser specifically acknowledges that Seller has reserved the right for itself, its sales representatives and prospective purchasers to utilize the common elements of the Project for ingress and egress, parking, marketing operations and events, and to show the common elements to prospective purchasers. Purchaser hereby accepts the foregoing conditions set forth in this section as well as any inconvenience or annoyance which Purchaser may experience as a result of such conditions, and hereby expressly waives any rights, claims or actions which Purchaser might otherwise have against Seller as a result of such circumstances.
22. **MANDATORY SELLER DISCLOSURE.** The Seller is exempt from the provisions of Chapter 508D of the Hawaii Revised Statutes, as amended, regarding mandatory Seller disclosures regarding sales of residential real property. Information pertaining to the Project is contained in the

Preliminary Public Report, the Final Public Report and/or Supplementary Public Report, if any, for the Project.

23. **CONTINUATION OF OBLIGATIONS.** Provisions of this Agreement that clearly apply to circumstances or events that will or may occur after the execution and filing of the Purchaser's Apartment Deed shall survive the execution and filing of such Apartment Deed.
24. **ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement between the parties and supersedes and cancels all prior negotiations, representations, understandings and agreements, both written and oral, of the parties hereto. No fact sheets, informational material, advertising material or other documents which purport to describe the Apartment or the Project in any manner beyond or different from the description set forth in the Condominium Documents and the Declaration, Bylaws and the Real Estate Commission's Public Report(s) shall be valid or enforceable against the Seller unless signed by the Seller. No variation of this Agreement shall be valid or enforceable unless approved by the parties in writing and attached hereto as an addendum.
25. **SEVERABILITY.** If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be thereby affected.
26. **CAPTIONS.** The captions of the sections of this Agreement are for convenience only and do not amplify or limit in any way the provisions hereof.
27. **DEFINITIONS GENERALLY.** The terms "Purchaser" and "Seller" include the persons named and their respective heirs, successors, personal representatives, administrators or permitted assigns. The singular includes the plural and vice versa and the use of any gender includes the other as common sense shall require. If this Agreement is signed by more than one person as Purchaser, the Purchaser's obligations set forth in this Agreement shall be joint and several.
28. **GOVERNING LAW.** The laws of the State of Hawaii shall govern all matters with respect to this Agreement.
29. **EXECUTION BY SELLER.** This Agreement shall not be binding upon Seller until executed by Seller.
30. **MARKETING MATERIALS PROPRIETARY.** All sales and marketing material provided to Purchaser in connection with the sale of the Apartment or otherwise are the property of the Seller, and may not be used by Purchaser in any fashion whatsoever. Any use of such material in any way by Purchaser will entitle Seller to enjoin such use and to pursue other remedies against Purchaser, independently of the obligations set forth in this Agreement. Purchaser will be responsible to pay for all costs incurred by Seller in enforcing its proprietary rights in and to such material, including any and all attorneys' fees and costs incurred by Seller. This right will survive closing of the sale of the Apartment to Purchaser.
31. **ACT 119 OF THE STATE OF HAWAII 2004 LEGISLATIVE SESSION CONTAINS IMPORTANT REQUIREMENTS PURCHASER MUST FOLLOW BEFORE PURCHASER MAY FILE A LAWSUIT OR OTHER ACTION FOR DEFECTIVE CONSTRUCTION AGAINST THE CONTRACTOR WHO DESIGNED, REPAIRED, OR CONSTRUCTED PURCHASER'S APARTMENT. NINETY DAYS BEFORE PURCHASER FILES PURCHASER'S LAWSUIT OR OTHER ACTION, PURCHASER MUST SERVE ON THE CONTRACTOR A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS PURCHASER ALLEGES ARE DEFECTIVE. UNDER THE LAW, A CONTRACTOR HAS THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR AND/OR PAY FOR THE DEFECTS. PURCHASER IS NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY A CONTRACTOR. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER THE LAW, AND FAILURE TO FOLLOW THEM MAY NEGATIVELY AFFECT PURCHASER'S ABILITY TO FILE A LAWSUIT OR OTHER ACTION.**

32. **GLOSSARY OF DEFINED TERMS.** The terms listed below are defined here for convenience. If there is a conflict between the definition given below and the definition elsewhere in the text of this Agreement, the latter will control.

“Agreement” shall mean this Purchase Agreement made by and between LaeRoc Waikiki Parkside, LLC, a Hawaii limited liability company, and Purchaser.

“Apartment” shall mean a part of the Project as described in the Declaration and in this Agreement in Section A.3., and as shown on the Condominium Map.

“Apartment Deed” shall mean the Apartment Deed, Encumbrances and Reservations of Rights for Palms at Waikiki issued or to be issued to each purchaser of an Apartment in the Project.

“Association” shall mean the Association of Apartment Owners of Palms at Waikiki.

“Bylaws” shall mean that certain Bylaws of the Association of Apartment Owners of Palms at Waikiki.

“Closing Date” shall mean that certain date that Seller selects to close the acquisition of the Apartment by Purchaser.

“Condominium Documents” shall mean those documents relating to the purchase and sale of the Project and to the Apartments, which the Purchaser should review.

“Condominium Map” shall mean that certain Condominium Map which is filed in the Land Court as the Condominium Map for the Project, as the same may be duly amended from time to time.

“Cooperating Broker Addendum” shall mean that certain Cooperating Broker Agreement between Project Broker and another broker (if any) that is attached to this Agreement and incorporated by reference into the Agreement.

“DCCA” shall mean the Department of Commerce and Consumer Affairs of the State of Hawaii.

“Declaration” shall mean that certain Declaration of Condominium Property Regime of Palms at Waikiki, as the same may be amended.

“Deemed Acceptance” shall mean the Seller’s right to determine that Purchaser has received the required Public Report(s) and has waived the Purchaser’s right to cancel the purchase in accordance with Section D.10. of the Agreement.

“Dual Agency Addendum” shall mean that certain Dual Agency Consent Agreement, if any, between the Project Broker, the Purchaser and the Seller, that is attached to this Agreement and incorporated by reference into the Agreement.

“Effective Date” shall mean that date specified in Section D.10 above.

“Escrow” shall mean Fidelity National Title & Escrow of Hawaii, Inc., a Hawaii corporation.

“Escrow Agreement” shall mean that certain Escrow Agreement by and between Seller and Escrow.

“Final Public Report” shall mean that certain report covering the Project, an effective date for which has been issued by the Real Estate Commission of the State of Hawaii in accordance with Section 514A-40 of the Hawaii Revised Statutes, as amended.

“Financial Data” shall mean personal and financial information from Purchaser’s bankers, accountants, or others, as Seller may require, to prove Purchaser’s ability to make cash payments due at the times and in the amounts required by the Agreement.

“Land” shall mean the real property described in Exhibit "A" of the Declaration, and shall include any additional lands annexed to the Condominium Property Regime by the Developer in the future, but shall exclude any land that may be withdrawn after the filing of this Declaration. Developer has the reserved right as set forth in the Declaration, to substitute the description of the real property in said Exhibit “A” to accurately reflect the land that is subject to this Declaration. Developer also has the reserved right to subdivide and withdraw portions of the Land, as set forth in the Declaration.

“Lender” shall mean that certain financial entity or those financial entities designated by the Seller as its lender(s) and which Seller may enter into an agreement with and grant a security interest in and to the Apartment covered by the Agreement and other interests Seller may have in the Project.

“Management Agreement” shall mean that certain instrument entered into between the Association of Apartment Owners of Palms at Waikiki, and Paulin Group, LLC, as the same may be amended.

“Preclosing Date” shall mean that date up to and including that day which is thirty (30) days prior to that date selected by Seller as the estimated or anticipated Closing Date, at which time Seller may preclose the sale by having all documents necessary for closing executed and the necessary funds deposited with Escrow.

“Preliminary Public Report” shall mean that certain report covering the Project, an effective date for which has been issued by the Real Estate Commission of the State of Hawaii in accordance with Section 514A-37 of the Hawaii Revised Statutes, as amended

“Project” shall mean the condominium project established pursuant to the Declaration, including the land and improvements. The Project has been submitted to a condominium property regime by the Declaration and shall include any additional lands and/or improvements annexed to the condominium property regime by the Developer.

“Project Broker” shall mean Coldwell Banker Pacific Properties, and all of its salespersons and brokers.

“Public Report(s)” shall mean that (these) certain report(s) required to be filed with the Commission in accordance with Section 514A-36 of the Hawaii Revised Statutes, as amended. The reference may include the Preliminary Public Report, Final Public Report and/or any Supplementary Public Report.

“Purchase Price” shall mean that certain amount in United States dollars designated in Section C.1.a. of this Agreement for the purchase of the Apartment.

“Purchaser” shall mean that certain individual or those individuals, or entity or those entities, designated and described in Section B. of this Agreement.

“Real Estate Commission” (or “Commission”) shall mean the Real Estate Commission of the State of Hawaii.

“Receipt and Notice Form” shall mean that certain form confirming the Purchaser’s receipt of the Public Report and containing Seller’s notice advising the Purchaser of Purchaser’s right to cancel the Agreement.

“Seller” shall mean LaeRoc Waikiki Partners, LLC, a Hawaii limited liability company.



**DOCUMENT RECEIPT**  
**Hawaii Association of REALTORS® Standard Form**  
**Revised 8/13 (NC) For Release 5/14**



**COPYRIGHT AND TRADEMARK NOTICE:** This copyrighted Hawaii Association of REALTORS® Standard Form is licensed for use by the entire real estate industry on condition that there shall be no alteration of the printed portions, pagination, or paragraph numbers or breaks. The use of this form is not intended to identify the real estate licensee as a REALTOR®. REALTOR® is a registered collective membership mark which may be used only by real estate licensees who are members of the National Association of REALTORS® and who subscribe to its Code of Ethics.

Purchase Contract Reference Date: 11/18/2015

Property Reference or Address: 1850 Ala Moana Blvd Palms At Waikiki 324 Honolulu Hawaii 96815

Tax Map Key: Div. 1 /Zone 2 /Sec. 6 /Plat 12 /Parcel 3 /CPR 50 (if applicable).

(Blanks are provided for further document identification such as dates, etc.)

Condominium/Cooperative/Subdivision/PUD/Homeowner/Planned Community Association Documents:

1. Annual Audit
2. Board Meeting Minutes
3. Budgets
4. Bylaws and Amendments
5. Declaration checklist
6. Declarations and Amendments
7. Financial Statements
8. House Rules
9. Insurance Summary
10. Reserve Study
11. RR105c
12. Sales Package
13. Annual Association Meeting Minutes

Reports and Other Documents:

- ☐ Professional Inspection Report \_\_\_\_\_
- ☐ Rental. Check applicable items: ☐ Property Condition Form ☐ Rental Agreement ☐ Rental Management Contract(s)  
☐ Short Term Vacation Rental Reservation(s) ☐ Other: \_\_\_\_\_
- ☐ Inventory of Furniture and Furnishings \_\_\_\_\_
- ☐ Preliminary Title Report \_\_\_\_\_
- ☐ Residential Leasehold Property Disclosure (if leasehold) \_\_\_\_\_
- ☐ Survey Report \_\_\_\_\_
- ☐ Termite Inspection Report (TIR) \_\_\_\_\_
- ☐ Other: \_\_\_\_\_
- ☐ Other: \_\_\_\_\_

*Note: Use HAR Forms: RR107 - Receipt of Seller's Real Property Disclosure Statement; RR108 - Receipt of Project Information Form; if leasehold, RR211 - Receipt for Residential Leasehold Property Disclosure; and RR212 - Action on Residential Leasehold Property Disclosure.*

**RECEIPT:** The undersigned acknowledges receipt of the check marked items above. Where receipt is required by Section I or M of the Purchase Contract, such receipt shall be retained by Seller for a period of 3 years.

Buyer/Buyer's Representative's Signature \_\_\_\_\_ Date/Time \_\_\_\_\_ Buyer/Buyer's Representative's Signature \_\_\_\_\_ Date/Time \_\_\_\_\_

Title \_\_\_\_\_ Title \_\_\_\_\_

**NOTE:** THERE IS NO WARRANTY ON PLAIN LANGUAGE. An effort has been made to put this agreement into plain language. But there is no promise that it is in plain language. In legal terms, THERE IS NO WARRANTY, EXPRESSED OR IMPLIED, THAT THIS AGREEMENT COMPLIES WITH CHAPTER 487A OF THE HAWAII REVISED STATUTES, AS AMENDED. This means that the Hawaii Association of REALTORS® is not liable to any Buyer, Seller, or other person who uses this form for any damages or penalty because of any violation of Chapter 487A. People are cautioned to see their own attorneys about Chapter 487A (and other laws that may apply).



## Order Receipt

Order Number: 3328855  
Current Order Status: Order Sent to Purchaser  
Purchaser Name: HAWAII HOME + COMMERCIAL LLC  
Requester Name: HAWAII HOME + COMMERCIAL LLC  
Requester Phone#: 808-358-1774

Association Name: AOAO Palms At Waikiki  
Property Address: 1850 Ala Moana Blvd  
324  
Honolulu, HI 96815

| Item | Description                                                                                                                                                                                                                                                                                                                                                                                                                                            | Order Date | Payment Due | Cost     | Status |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------|----------|--------|
| 1    | ▷ CondoCerts Service Fee                                                                                                                                                                                                                                                                                                                                                                                                                               | 11/18/2015 | Up Front    | \$29.00  | Paid   |
| 2    | ▼ Document Package for Full Resale Disclosure Pack <ul style="list-style-type: none"><li>▷ Bylaws and Amendments</li><li>▷ Budgets</li><li>▷ Annual Association Meeting Minutes</li><li>▷ House Rules</li><li>▷ Insurance Summary</li><li>▷ Reserve Study</li><li>▷ Annual Audit</li><li>▷ Declarations and Amendments</li><li>▷ Board Meeting Minutes</li><li>▷ Sales Package</li><li>▷ Financial Statement</li><li>▷ Declaration checklist</li></ul> | 11/18/2015 | Up Front    | \$0.00   | Paid   |
| 3    | ▷ Resale Disclosure Document                                                                                                                                                                                                                                                                                                                                                                                                                           | 11/18/2015 | Up Front    | \$175.00 | Paid   |

**Total: 204.00**

**Paid: 204.00**

**Due now: 0.00**

**Due at close: 0.00**

### Order History

Order Initiated Date: 11/18/2015  
Paid Date: 11/18/2015  
Payment Method: Credit Card  
Name: Robin Glass  
Last 4 Digits: 7171  
Paid Amount: \$204.00

[Privacy Policy](#) | [Security Policy](#)

Adobe Acrobat Reader is required to read or print PDFs. [Download Acrobat Reader](#)  
© 2015 Mutual of Omaha Bank. All Rights Reserved