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T.I. OF HAWAII, INC.

By: George Panui

LAND COURT SYSTEM

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DECLARATION OF CONDOMINIUM PROPERTY REGIME

OF

LALEA MT HAWAII KAI - PHASE I

NOT FOR REAL ESTATE TRANSACTIONS

NOT FOR REAL ESTATE TRANSACTIONS

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NOT FOR REAL ESTATE TRANSACTIONS

WHEREAS, CASTLE & COOKE HOMES HAWAII, INC., a Hawaii corporation, whose principal place of business is 650 Iwilei Road, Honolulu, Hawaii 96817, and whose post office address is P. O. Box 2780, Honolulu, Hawaii 96803, hereinafter referred to as the "Developer", is the owner in fee simple of certain real property situated at Maunaloa, City and County of Honolulu, State of Hawaii, hereinafter referred to as the "Land", as more particularly described in Exhibit "A" attached hereto and hereby made a part hereof; and

WHEREAS, Developer intends to improve the Land by constructing thereon certain improvements in accordance with plans and specifications therefor filed in the Bureau of Conveyances of the State of Hawaii as Condominium File Plan 2422, hereinafter referred to as the "Condominium Map", which Condominium Map is hereby incorporated herein by reference;

NOW, THEREFORE, in order to create a condominium project consisting of said Land and the improvements constructed or to be constructed thereon (hereinafter called the "Project"), the Developer hereby submits said property and all of its interests therein to a Condominium Property Regime established by the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended, hereinafter sometimes referred to as the "Condominium Property Act", and in furtherance thereof makes the following declarations as to divisions, limitations, restrictions, covenants and conditions, and hereby declares and agrees that said property is held and shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied and improved subject to the declarations, restrictions and conditions set forth herein and in the By-Laws of the Association of Apartment Owners of LALEA at Hawaii Kai - Phase I (hereinafter referred to as the "By-Laws") recorded in the Bureau of Conveyances of the State of Hawaii concurrently herewith, as the same may be amended from time to time, which declarations, restrictions, and conditions shall constitute covenants running with the land and shall be binding on and for the benefit of the Developer and its successors and assigns, and all subsequent owners, lessees and sublessees of all or any part of the Project and their respective heirs, devisees, personal representatives, successors and assigns:

A. NAME OF PROJECT. The Condominium Property Regime established hereby shall be known as "LALEA AT HAWAII KAI - PHASE I".

B. DESCRIPTION OF LAND. All of the Land described in Exhibit "A" attached hereto is hereby submitted to the Condominium Property Regime.

C. DESCRIPTION OF BUILDINGS. There will be constructed on the Land, seven (7) separate 2-story residential buildings, without basements, designated as Buildings 1 to 7, inclusive, and one (1) separate 3-story residential building, without basement, designated as Building 8, all as shown on the Condominium Map. Buildings 2, 4, 5, 6 and 7 each will contain eleven (11) residential apartments. Buildings 1 and 3 each will contain ten (10) residential apartments. Building 8 will contain five (5) residential apartments. The apartments will be located in the buildings as set forth in Exhibit "B" attached hereto and hereby made a part hereof.

There will also be constructed on the Land a recreation center with a swimming pool and a building containing a meeting room, a kitchen, a maintenance room, a manager's office, restrooms and a janitorial closet.

The buildings will be constructed primarily of wood and galvanized light gauge steel, but will also contain gypsum board, hardboard siding, asphalt shingles, glass and other allied construction materials.

In addition to the buildings, the Project will contain thirty-six (36) regular size, uncovered parking stalls [five (5) of which are designated as guest parking stalls and two (2) of which are designated as recreation center parking stalls], thirty-five (35) compact size, uncovered parking stalls [seven (7) of which are designated as guest parking stalls and one (1) of which is designated as a recreation center parking stall], and forty-one (41) uncovered, tandem parking stalls.

D. DIVISION OF PROJECT. The Project is hereby divided into the following separate freehold estates:

1. Apartments. Eighty (80) separate freehold estates are hereby established in the spaces within the perimeter walls, floors and ceilings of each of the eighty (80) apartments in the Project, as shown on the Condominium Map.

The eighty (80) apartments in the Project are identified by apartment number and apartment type on the Condominium Map and are located in the Project as shown on

the Condominium Map. There are nine (9) one bedroom/one bath apartments, eighteen (18) two bedroom/two bath apartments, fifty (50) three bedroom/two and one-half bath apartments and three (3) four bedroom/two and one-half bath apartments in the Project. The floor plans of each of the apartments are as shown on the Condominium Map. Subject to the provisions of Section R of this Declaration, the apartments are described as follows:

Each Type A and Type AR apartment will have one (1) bedroom, one (1) bathroom, a living/dining room and a kitchen.

Each Type B, Type BR, Type C and Type CR apartment will have two (2) bedrooms, two (2) bathrooms, a living/dining room, a kitchen, a storage closet and a one-car garage. Initial purchasers of these apartment types will have an option to delete a bedroom and add a den in lieu thereof.

Each Type D and Type DR apartment will have three (3) bedrooms, two and one-half (2-1/2) bathrooms, a living/dining room, a kitchen, a storage closet and a one-car garage.

Each Type E and Type ER apartment will have three (3) bedrooms, two and one-half (2-1/2) bathrooms, a living/dining room, a kitchen and a one-car garage.

Each Type F, Type FR and Type FE apartment will have four (4) bedrooms, two and one-half (2-1/2) bathrooms, a living/dining room, a kitchen, a bonus room, a walk-in closet, a storage closet and a one-car garage. Initial purchasers of these apartment types will have an option to add an additional bathroom.

Subject to the provisions of Section R of this Declaration, each apartment will have the number of rooms and approximate net living floor area in square feet as set forth in Exhibit "B" attached hereto.

The approximate net living floor areas set forth in Exhibit "B" are based on measurements taken from the interior surface of all perimeter walls, except that no reduction is made to account for interior walls, ducts, vents, shafts, stairways and the like located within the perimeter walls. The approximate net garage floor areas set forth in Exhibit "B" are based on measurements taken from the interior surface of all perimeter walls which do not separate the interior of the apartments from the garages, from the exterior surface of all perimeter walls

which separate the interior of the apartments from the garages, and from the interior edge of the garage doors, walls or other exterior boundaries of the garages. All floor areas set forth in Exhibit "B" are not exact but are approximations based on the floor plans of each type of apartment. All floor areas set forth in Exhibit "B" have also been rounded to the next lowest full square foot where the approximation of such floor areas exceed a square foot by any fraction of a square foot.

The measurements set forth in Exhibit "B" do not follow the designation of the limits of the apartments (the legally designated areas of the apartments) set forth below and the floor areas set forth in Exhibit "B" may be greater than the floor areas of the apartments as so designated and described below.

Each of the apartments will have immediate access to the walkways, stairways, roadways and/or other common areas of the Project and to the public roads.

Notwithstanding the floor areas set forth in Exhibit "B" and the manner in which such floor areas are measured, the respective apartment shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls or partitions, the foundations, columns, girders, beams, floor slabs, footings, supports, roofs and ceilings located within or at the perimeter or surrounding such apartment, any pipes, wires, vents, shafts, ducts, conduits or other utility or service lines or enclosed spaces for wiring, pipes or air exhaust running through or otherwise located within such apartment which are utilized for or serve more than one apartment, all of which are deemed common elements as hereinafter provided. Each apartment shall be deemed to include all of the walls and partitions which are not load-bearing and which are within its perimeter walls; the inner decorated or finished surfaces of all walls, floors, roofs and ceilings; all windows, window frames, louvers (if any), shutters (if any), doors and door frames along the perimeter of the apartment; the garage (if any) as shown on the Condominium Map; and all of the fixtures and appliances originally installed therein.

Should the descriptions and divisions set forth in this Declaration conflict with the depictions and divisions shown on the Condominium Map, the Condominium Map shall control. The Condominium Map, however, is intended to show only the layout, location, apartment numbers and



dimensions of the apartments and elevations of the buildings and is not intended and shall not be deemed to contain or make any other representation or warranty.

2. Common Elements. One freehold estate is hereby designated in all remaining portions of the Project, being described and referred to herein as "common elements", including specifically, but not limited to:

(a) Said Land in fee simple;

(b) All foundations, columns, girders, beams, footings, floor slabs, supports, unfinished perimeter, party and load-bearing walls and partitions, roofs, stairways, walkways, corridors, ramps, fences (if any), entrances, entryways and exits of all buildings of the Project;

(c) All walkways, roadways, sidewalks, perimeter walls, retaining walls, fences (if any), gates (if any), yard areas, driveways, parking areas (other than the garages which are part of the respective apartments), loading zones, yards, grounds, landscaping, trash enclosures, mail kiosks and mailboxes;

(d) All pipes, cables, conduits, ducts, sewer lines, sewage treatment equipment and facilities (if any), electrical equipment, electrical closets, communications rooms, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, gas (if any), sewer, water, telephone and television signal distribution (if any);

(e) The thirty-six (36) regular size, uncovered parking stalls [five (5) of which are designated as guest parking stalls and two (2) of which are designated as recreation center parking stalls], thirty-five (35) compact size, uncovered parking stalls [seven (7) of which are designated as guest parking stalls and one (1) of which is designated as a recreation center parking stall], and forty-one (41) uncovered, tandem parking stalls, located in the parking areas of the

Project, all as shown on the Condominium Map;

(f) The Recreation Center;

(g) Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use;

(h) The limited common elements described in Paragraph 3 of Section D hereinbelow.

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

(a) Each of the parking stalls, other than the parking stalls designated on the Condominium Map as guest parking stalls or recreation center parking stalls and the parking stall located within the Parking Basement Area (as defined in Section F of this Declaration), shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit "B" attached hereto;

(b) Each of the yard areas within the Project (each of which shall consist of a yard, a lanai and a storage closet as shown on the Condominium Map), designated on the Condominium Map as Yard Areas Y1 to Y3, inclusive, Y6, Y9 to Y15, inclusive, Y18 to Y24, inclusive, Y27, Y30 to Y36, inclusive, Y39 to Y47, inclusive, Y50 to Y58, inclusive, Y61 to Y69, inclusive, and Y72 to Y80, inclusive, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit "B" attached hereto;

(c) Any walkway, stairway, entrance, exit, or steps which would normally be used only for the purposes of ingress to and egress from a specific apartment or apartments shall be a

limited common element appurtenant to and reserved for the exclusive use of such apartment or apartments;

(d) Any mailbox assigned to an apartment by the Developer or the Association of Apartment Owners of the Project shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment.

E. COMMON INTEREST. Except as otherwise provided in Section S or in any other Section of this Declaration, each apartment shall have appurtenant thereto an undivided percentage interest in the common elements of the Project, hereinafter referred to as the "common interest", and the same proportionate share in all common profits and expenses of the Project and for all other purposes, including voting, as set forth in Exhibit "B" attached hereto.

F. EASEMENTS. In addition to any easements described in Exhibit "A" attached hereto and to the exclusive easements established in the limited common elements, the apartments and common elements shall also have and be subject to the following easements:

1. Each apartment shall have appurtenant thereto nonexclusive easements in the common elements designed for such purposes for 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; and in all other apartments and common elements of the building in which it is located or any adjacent buildings for support.

2. If any part of the common elements now or hereafter encroaches upon any apartment or limited common element or if any apartment now or hereafter encroaches upon any other apartment or upon any portion of the common elements, a valid easement for such encroachment and the maintenance thereof shall and does exist so long as such encroachment continues. In the event the buildings of the Project shall be partially or totally destroyed and then rebuilt, minor encroachments of any parts of the common elements or of any apartment due to such construction shall be permitted and valid easements for such encroachments and the maintenance thereof shall exist for so long as such encroachment exists.

3. The Association of Apartment Owners of the Project shall have the irrevocable right, to be exercised by its Board of Directors or the Managing Agent, to have access to each apartment and/or the limited common elements from time to time during reasonable hours as may be necessary for the operation of the Project, for making emergency repairs therein necessary to prevent damage to any apartments or common elements or for the inspection, installation, repair, maintenance or replacement of any common elements.

4. The Association of Apartment Owners of the Project shall have the right, exercisable by its Board of Directors, to designate, grant, convey, transfer, cancel, relocate and otherwise deal with any easements over, under, across or through the common elements of the Project for any reasonable purpose, which may include, but shall not be limited to, those purposes which are necessary to the operation, care, upkeep, maintenance or repair of any apartment, the common elements or any easements for utilities or for any public purpose.

5. The Association of Apartment Owners of the Project shall have the right, exercisable by its Board of Directors, to transfer, cancel, relocate and otherwise deal with any easement over, under, across or through any lands adjacent to the Project, which may be appurtenant to the Land of the Project, for any reasonable purpose, which may include, but shall not be limited to, any of the same purposes set forth in Paragraph 4 of this Section or for the reason that any owner of any such lands adjacent to the Project exercises any right to require the relocation of any such easement.

6. Until December 31, 2001, the Developer shall have the right to conduct extensive sales activities utilizing the common elements and any apartment(s) still owned by the Developer, including the use of model apartments, sales and management offices, and extensive sales displays and activities.

7. Until December 31, 2001, the Developer, its agents, employees, contractors, licensees, successors and assigns shall have a nonexclusive easement over the common elements of the Project, as may be reasonably necessary for the completion of any improvements to and correction of defects and other punchlist items in the common elements.

8. The Developer, its successors and assigns shall have a nonexclusive easement for access and utilities

purposes over, under, across, along, upon and through the roadways which are included in the common elements of the Project, including, without limitation, Easement A-1, as shown on File Plan 2179 filed in the Bureau of Conveyances of the State of Hawaii; together with the right to grant to the owner or owners from time to time of all or any portion of the land described in said Exhibit "C" and/or any public or private utility or other corporation, partnership, individual or entity, easements for such access and utilities purposes over, under, across, along, upon and through the roadways which are included in the common elements of the Project, including, without limitation, Easement A-1, as shown on File Plan 2179 filed in said Bureau.

9. The Developer, its successors and assigns shall have an exclusive easement for parking purposes over and upon Easement PS-1, inclusive, as shown on File Plan 2179 filed in said Bureau (the "Parking Easement Area"), together with the right to grant to the owner or owners from time to time of all or any portion of the land described in Exhibit "C", easements for such parking purposes over and upon Easement PS-1, as shown on File Plan 2179 filed in said Bureau; provided, however, that the foregoing easement rights of Developer (but not the easement rights of any other persons) shall terminate upon transfer by Developer of all of its right, title and interest in and to the land described in said Exhibit "C".

10. The Developer, its successors and assigns shall have a nonexclusive easement for recreation purposes over and upon Easement P-1, as shown on File Plan 2179 filed in said Bureau (the "Recreation Center"), together with the right to grant to the owner or owners from time to time of all or any portion of the land described in Exhibit "C", easements for such recreation purposes over and upon Easement P-1, as shown on File Plan 2179 filed in said Bureau, provided, however, that the foregoing easement rights of Developer (but not the easement rights of any other persons) shall terminate upon transfer by Developer of all of its right, title and interest in and to the land described in said Exhibit "C".

11. The Developer, its successors and assigns shall have a nonexclusive easement for drainage purposes over, under, across, along, upon and through Easements D-1, D-3 and D-4 as shown on File Plan 2179 filed in said Bureau (the "Drainage System Area"), together with the right to grant to the owner or owners of the land described in Exhibit "C" and/or any public or private utility or other corporation, partnership, individual or entity, easements

for such drainage purposes over, under, across, along, upon and through Easements D-1, D-3 and D-4 as shown on File Plan 2179 filed in said Bureau.

12. The Developer, its successors and assigns shall have a nonexclusive easement for water purposes over, under, across, along, upon and through Easements W-1 and W-2, as shown on File Plan 2179 filed in said Bureau, together with the right to grant to the owner or owners of the land described in Exhibit "C" and/or any public or private utility or other corporation, partnership, individual or entity, easements for such water purposes over, under, across, along, upon and through Easements W-1 and W-2, as shown on File Plan 2179 filed in said Bureau.

13. The Developer, its successors and assigns shall have a nonexclusive easement for sewer purposes over, under, across, along, upon and through Easement S-1, as shown on File Plan 2179 filed in said Bureau, together with the right to grant to the owner or owners of the land described in Exhibit "C" and/or any public or private utility or other corporation, partnership, individual or entity, easements for such sewer purposes over, under, across, along, upon and through Easement S-1, as shown on File Plan 2179 filed in said Bureau.

14. The Developer, its successors and assigns shall have a nonexclusive easement for electrical purposes over, under, across, along, upon and through Easement E-2, as shown on File Plan 2179 filed in said Bureau, together with the right to grant to the owner or owners of the land described in Exhibit "C" and/or any public or private utility or other corporation, partnership, individual or entity, easements for such electrical purposes over, under, across, along, upon and through Easement E-2, as shown on File Plan 2179 filed in said Bureau.

15. The Developer, its successors and assigns shall have nonexclusive easements for electrical, gas, telephone, cable television, communications and other utility purposes, and easements for sanitary sewer, drainage and drainline, waterline, and flowage purposes over, under, across, along, upon and through the Land, including but not limited to any and all Easements shown on File Plan 2179 filed in said Bureau, together with the right to designate easements for the aforesaid purposes, if necessary or desirable, subject to the reasonable consent of the Association of Apartment Owners as to location, and together also with rights of reasonable access thereto in connection with the exercise of said easement rights, and

to grant to the owner or owners from time to time of all or any portion of the land described in Exhibit "C", the State of Hawaii, the City and County of Honolulu, the Board of Water Supply of the City and County of Honolulu, East Honolulu Community Services, Inc., any other appropriate governmental agency, and/or any other public or private utility or other corporation, partnership, individual or entity, easements for the purpose of providing such services over, under, across, along, upon and through the Land under the usual terms and conditions required by the grantee of such easement rights; provided, however, that such easement rights must be exercised in such manner as to not unreasonably interfere with the use of the Land by the apartment owners and those claiming by, through or under the apartment owners, and in connection with the installation, maintenance or repair of any facilities pursuant to any of said easements the Land shall be promptly restored by and at the expense of the person owning and exercising such easement rights to substantially the condition of the Land immediately prior to the exercise thereof; and the acceptance or acquisition by any party of any interest in the Project shall constitute an undertaking and agreement by such party (a) to join in and execute, upon request, any and all documents designating and/or granting any such easements, and (b) to perform and carry out at such party's expense, or to cause the Association of Apartment Owners to perform and carry out as a common expense, any obligation in any such grant of easement rights, or in any grant of easement specifically referred to in this Declaration, any obligation with respect to providing and maintaining any screening or landscaping or similar requirement as to facilities within the Land which may now or hereafter be required by law, ordinance or governmental agency.

15. The Project is served, in whole or in part, by a private storm drainage system (the "Private Drainage System"). Pursuant to Section 14-12.12, Revised Ordinances of Honolulu 1990, as amended, the City and County of Honolulu (the "City") granted the Developer a license to connect the Private Drainage System to the City's storm sewer system. The terms and conditions of the license are set forth in an agreement signed by the Developer and approved by the City on March 6, 1996 (the "Drainage Agreement"). The Drainage Agreement provides, in part, as follows:

(a) The licensee (the "Licensee") shall bear the entire cost of engineering, construction and maintenance of the Private Drainage System.

(b) The Licensee shall indemnify and hold the City free and harmless from all suits and actions caused by the Licensee's acts or failure to act in connection with engineering, construction and maintenance of the Private Drainage System and its connection to the City drainage system.

(c) Construction of the Private Drainage system shall be made in accordance with plans and specifications approved by the Director and Chief Engineer, City and County of Honolulu, and subject to the Licensee's compliance with all applicable statutes, ordinances, and rules and regulations of Federal, State or City agencies having the effect of the law.

(d) Prior to any construction work, the Licensee shall obtain a permit to excavate the public right-of-way from the Division of Engineering Department of Public Works, City and County of Honolulu.

(e) In the event any portion of the City's drainage system is damaged or destroyed during the construction of the private drain connection, the Licensee shall bear the entire cost of engineering and construction, or replacement of the damaged facility.

(f) No additions or alterations to the Private Drainage System will be made without the prior written consent of the City.

(g) The Private Drainage System shall remain the Licensee's property and the Licensee will be solely responsible for the maintenance and upkeep of the Licensee's property.

(h) In the event the Private Drainage System within the public right-of-way shall at any time interfere with any public use, the Licensee will relocate the Private Drainage System at the Licensee's expense.

(i) Any time the Licensee or anyone using the Licensee's property discharges pollutants or other objectionable material into the City drainage system which exceed applicable water standards of the State of Hawaii as identified in Section 11-54-4, Hawaii Administrative Rules, or otherwise misuses the system, or causes a violation of any provisions of the City National Pollutant Discharge Elimination System Permit, the violation shall be deemed a violation of the subject ordinance and the City, by written notice, may terminate the license.



(j) In the event the Licensee's discharge into the City drainage system includes storm water associated with industrial activity as defined in the Federal regulations, the Licensee shall obtain a National Pollutant Discharge Elimination System Permit and shall provide data on the characterization of the constituents, quantity of the effluent and discharge at the Licensee's expense within one (1) year after the date of connection, and annually thereafter or as the need may arise as determined by the Director and Chief Engineer.

(k) The Director and Chief Engineer, or his authorized representative, may during reasonable hours and upon notification to the Licensee enter any building or premises in the discharge of his official duties, inspect or investigate, measure or test any effluent that is discharged into a private drainage system connected directly or indirectly to the City drainage system.

Each apartment owner acknowledges and agrees that the Developer hereby reserves the right to transfer or cause to be transferred to the Association some or all of the obligations, responsibilities and liabilities of the Licensee under the Drainage Agreement, and each owner and the Association shall execute any and all documents required by the Developer or the City to transfer such obligations, responsibilities and liabilities from the Developer to the Association. At the request of the Developer or the City, the Association shall enter into a new drainage system agreement with the City, which new agreement will supersede the Drainage Agreement. From and after any transfer to the Association of the Licensee's obligations and liabilities under the Drainage Agreement, or from and after termination of the Drainage Agreement and the execution of a new drainage system agreement by and between the Association and the City, each apartment owner and the Association shall indemnify and hold harmless the Developer, its affiliates, successors and assigns, from and against any and all claims and demands for damages or otherwise in connection with the Association's performance of its obligations as Licensee under the Drainage Agreement, or under any new drainage system agreement by and between the Association and the City, or under any permit issued to the Association in connection with the Private Drainage System. The acceptance or acquisition by any party of any interest in the Project shall constitute an undertaking and agreement by such party to execute any document or instrument necessary or appropriate, as determined by the Developer in its sole and absolute discretion, for the purpose of carrying out the provisions

of this paragraph, and shall constitute an appointment by such party of the Developer as the true and lawful attorney-in-fact of such party to execute, acknowledge, deliver and record any and all such instruments. Said power of attorney shall be coupled with an interest and irrevocable, and shall not be affected by the disability of such party.

The Developer covenants and agrees with each apartment owner and the Association that as of the date of this Declaration, construction of the Private Drainage System is complete and all costs and expenses arising in connection with such construction have been paid.

G. ALTERATION AND TRANSFER OF INTERESTS.

Except as otherwise provided in Section S or in any other Section of this Declaration, the common interest and easements appurtenant to each apartment shall have a permanent character, shall not be altered without the consent of all owners of apartments affected thereby as expressed in an amendment to this Declaration duly recorded in the Bureau of Conveyances of the State of Hawaii, shall not be separated from the apartment to which they appertain, and shall be deemed to be conveyed, leased or encumbered with such apartment even though not expressly mentioned or described in the conveyance or other instrument. The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof except as provided by said Condominium Property Act.

H. PURPOSES AND RESTRICTIONS AS TO USE.

1. The apartments shall at all times be used only for residential or lodging purposes and shall be subject to any special use or occupancy requirements or restrictions on transfer set forth in the apartment deed conveying the apartment. If an apartment owner rents his apartment to any third party, the owner shall provide each rental tenant with a copy of this Declaration, the By-Laws and the Rules and Regulations and shall require each tenant to sign a written statement acknowledging that such tenant has received and read this Declaration, the By-Laws and the Rules and Regulations and agrees to comply fully therewith. An owner who rents his apartment shall at all times remain primarily and severally liable to all other apartment 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 By-Laws, the Rules and Regulations and all other applicable laws. No apartment may be used for time sharing, as a rooming house, for bed

and breakfast purposes, or for or in connection with the carrying on of any business, trade or profession except for such business and business related uses as are permitted by applicable zoning and defined in the Land Use Ordinance of the City and County of Honolulu as "Home Occupations". Other than the foregoing restrictions (including restrictions contained in the apartment deed conveying an apartment), the owners of the respective apartments shall have the absolute right to lease the same, provided that such lease is in writing and for a term of not less than thirty (30) days, and is expressly made subject to the covenants and restrictions contained in this Declaration, the By-Laws and the Rules and Regulations.

2. The Association of Apartment Owners of the Project and any apartment owner shall not suffer anything to be done or kept in his apartment or elsewhere in the Project which will (a) jeopardize the soundness of any building in the Project, (b) interfere with or otherwise unreasonably disturb the rights of other owners and occupants, (c) obstruct any walkway, stairway or corridor of any building, (d) increase the rate of fire or extended coverage insurance on any building or the contents thereof, or (e) reduce the value of any building.

3. Except as otherwise expressly provided in Section R of this Declaration, an apartment owner shall not, without the prior written consent of the Board of Directors of the Association, make any structural alteration in or additions to the apartment, make any interior alterations in or additions to the apartment visible from the exterior of the apartment, or make any alterations in or additions to the exterior of the apartment or to any other portion or portions of the common elements.

4. Notwithstanding anything contained hereinabove to the contrary, the Developer shall have the right to conduct extensive sales activities at and in the Project, including the use of model apartments, sales and management offices, and extensive sales displays and activities as set forth in Paragraph 6 of Section F of this Declaration.

5. As to all Type C and Type CR apartments located on the second floor of the residential buildings (the "Second Floor Apartments"), hard floor surfaces shall be limited to the areas of the entry foyer, the kitchen and the dining area, and vinyl flooring shall be required for the bathrooms, as provided in the original construction of the respective apartments. The owners of the Second Floor Apartments shall be required to utilize continuous carpet

and pad over all other floor surfaces of such apartments, or to utilize such other flooring materials and/or systems which meet the acoustic standards of an Acoustic Impact Isolation Class of IIC 45 or better (ASTM Designation E492).

6. Notwithstanding anything to the contrary contained in this Declaration, the By-Laws or the Rules and Regulations, owners with disabilities shall be allowed reasonable exemptions from this Declaration, the By-Laws and the Rules and Regulations, when necessary to enable them to use and enjoy their apartments and the common elements, provided that any owner with a disability desiring such an exemption shall make such request, in writing, to the Board. The request shall set forth, with specificity and in detail, the nature of the request and the reason that the requesting party needs to be granted such an exemption. The Board shall not unreasonably withhold or delay its 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 by the Board in order to consider such request, whichever shall last occur.

I. ADMINISTRATION OF PROJECT. Administration of the Project shall be vested in its Association of Apartment Owners, herein called the "Association", consisting of all apartment owners of the Project, in accordance with the By-Laws of the Association. Operation of the Project and maintenance, repair, replacement and restoration of the apartments, common elements, and any additions and alterations thereto, shall be in accordance with the provisions of said Condominium Property Act, this Declaration and the By-Laws, and specifically but without limitation the Association shall:

1. Make, build, maintain and repair all fences, sewers, drains, roads, curbs, sidewalks and parking areas which may be required by law to be made, built, maintained and repaired upon or adjoining or in connection with or for the use of the Project or any part thereof.

2. Keep all common elements of the Project in a strictly clean and sanitary condition, and observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority for the time being applicable to the Project or the use thereof; provided, however, that unless otherwise specifically provided in Paragraph 4 of this Section I, the owner of each apartment shall be primarily responsible to keep such apartment

and the yard area, if any, appurtenant to such apartment in such clean and sanitary condition.

3. Well and substantially repair, maintain, amend and keep all common elements of the Project with all necessary reparations and amendments whatsoever in good order and condition, except as otherwise provided herein; provided, however, that unless otherwise specifically provided in Paragraph 4 of this Section I, the owner of each apartment shall be primarily responsible to well and substantially repair, maintain, amend and keep such apartment and the yard area, if any, appurtenant to such apartment with all such necessary reparations and amendments whatsoever in good order and condition.

4. Regularly inspect, maintain, paint, resurface and/or replace the exterior surfaces of all perimeter walls of the buildings and the exterior surfaces of all exterior doors, window frames, trim, fences and walls in the buildings, with the right to regulate the design and appearance of such exterior surfaces, the types of surfaces, and the types and colors of paint or other materials to be used, and with the right to enter, and permit entry by its contractors into, any apartment or limited common elements appurtenant thereto from time to time during reasonable hours as may be necessary for the performance of such inspection, maintenance, painting, resurfacing or replacement. Payment for any such inspection, maintenance, painting, resurfacing or replacement shall be made out of the general maintenance fund of the Association; provided, however, that any such inspection, maintenance, painting, resurfacing or replacement necessitated by the negligence, misuse or neglect of an apartment owner or occupant or any person under either of them shall be charged to such apartment owner or the apartment owner of the apartment of such occupant, as a special assessment secured by the lien created under Section K of this Declaration.

5. Maintain and keep said Land and all adjacent land between any street boundary of the Project and the established curb or street line in a neat and attractive condition and all trees, shrubs and grass thereon in good cultivation, and replant the same as may be necessary, and repair and make good all defects in the common elements of the Project herein required to be repaired by the Association, of which notice shall be given by any apartment owner or his agent.

6. Not erect or place on the Project any building or structure, including fences and walls, nor make

additions or structural alterations to, or exterior changes of, any common elements of the Project, nor place or maintain thereon any signs, posters or bills whatsoever, except in accordance with Section R of this Declaration and in accordance with plans and specifications, including detailed plot plan, prepared by a licensed architect, if so required by the Board of Directors of the Association, and approved by the Board of Directors of the Association, and complete any such improvements diligently after commencement thereof.

7. Before commencing or permitting construction of any improvement on or to the Project where the cost thereof exceeds Twenty-Five Thousand and No/100 Dollars (\$25,000.00) or such other amount as may be determined by the Board of Directors from time to time, obtain a performance and lien payment bond naming as obligees, the Board of Directors of the Association, the Association, and collectively all apartment owners and their respective mortgagees of record, as their respective interests may appear, with a responsible corporate surety authorized to do business in the State of Hawaii, guaranteeing the full and faithful performance of the contract for such construction free and clear of all mechanics' and materialmen's liens for such construction and the payment of all subcontractors, labor and materialmen, including mechanics' and materialmen's liens arising under Section 514A-16 of the Hawaii Revised Statutes, as the same may be amended from time to time, for a penal sum of not less than one hundred percent (100%) of the cost of such construction.

8. Have the irrevocable right, to be exercised by its Board of Directors or Managing Agent, to have access to any apartment or limited common elements appurtenant thereto from time to time during reasonable hours as may be necessary for the operation of the Project or for making emergency repairs therein required to prevent damage to any apartments or common elements or for the installation, repair or replacement of any common elements.

9. Not make or suffer any strip or waste or unlawful, improper or offensive use of the Project.

10. Not commit any act or neglect whereby the Project or any part thereof at any time becomes subject to any attachment, judgment, lien, charge or encumbrance whatsoever.

11. Comply with all encumbrances, restrictive covenants and agreements, and setback lines affecting the

use of the Land upon which the Project is situated which are referred to or described in Exhibit "A" attached hereto or otherwise affect the Land from time to time.

12. Be bound by the waivers of claims, rights of action and suits against the Developer, its successors and assigns, contained in the apartment conveyances by the Developer to purchasers of apartments in the Project and the Association shall not bring against the Developer, its successors and assigns, any claim or right of action or suit relating to any of the matters waived by the purchasers in such apartment conveyances.

13. Well and substantially repair, maintain, amend and keep the Drainage System Area with all necessary reparations and amendments whatsoever in good order and condition.

14. Maintain and keep the parkways adjoining the Land in compliance with the Landscape Maintenance Agreement dated April 29, 1996, between Developer and the Mariner's Ridge Maintenance Association recorded in said Bureau of Conveyances as Document No. 96-061153, as amended from time to time.

J. MANAGING AGENT AND SERVICE OF PROCESS.

Operation of the Project shall be conducted for the Association by a responsible corporate Managing Agent which shall be appointed by the Association in accordance with the By-Laws, except that the initial Managing Agent shall be appointed by the Developer. The Managing Agent is hereby authorized to receive service of legal process in all cases provided in said Condominium Property Act. In addition, process may be served upon any member of the Board of Directors of the Association who has a residence or place of business within the City and County of Honolulu, State of Hawaii. Kathy Inouye, whose principal place of business is at 650 Iwilei Road, Honolulu, Hawaii 96817, and whose post office address is P. O. Box 2780, Honolulu, Hawaii 96803, is hereby designated as the agent to receive service of process until such time the Developer designates a successor agent to receive service of process or such time as the Board of Directors of the Association is elected, whichever shall first occur.

K. COMMON EXPENSES.

1. Except as otherwise provided herein, all charges, costs and expenses whatsoever incurred by the Association for or in connection with the administration of

the Project, including without limitation of the generality of the foregoing, all charges for taxes (except real property taxes and such other 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 apartment owner), assessments, insurance, including fire and other casualty and liability insurance required to be maintained by the Association pursuant to Section L of this Declaration, any liability whatsoever for loss or damage arising out of or in connection with the common elements or any accident, fire or nuisance thereon, costs of repair, re-statement, rebuilding, replacement, and restoration of the common elements of the Project and any additions and alterations thereto, yard, janitorial and other similar services, wages, accounting and legal fees, management fees and other necessary expenses of upkeep, maintenance, management and operation incurred on or for the common elements of the Project, and the cost of all utility services, including water, electricity, gas, garbage disposal, telephone and other similar services, unless separately metered or assessed, the wages of the resident manager, if any, the cost of leasing the resident manager's apartment, if any, costs of maintaining and keeping the parkways adjoining the Land in compliance with the Landscape Maintenance Agreement, and all other sums designated as common expenses under the Condominium Property Act, this Declaration and the By-Laws, shall constitute common expenses of the Project for which all apartment owners shall be severally liable in proportion to the common interests appurtenant to their respective apartments; PROVIDED, HOWEVER, that all charges, costs and expenses incurred by the Association only for or in connection with any of the limited common elements, including without limitation of the generality of the foregoing, all costs of maintenance, repair, replacement, additions and improvements to the limited common elements, shall constitute limited common expenses of the Project for which only the owners of the apartments to which such limited common elements are appurtenant shall be severally liable in proportion to the ratio that their respective common interests bear to the sum of the common interests of the apartments to which such limited common elements are appurtenant (such charges, costs and expenses incurred only for or in connection with any of the limited common elements are hereinafter called "limited common expenses"); and PROVIDED, FURTHER, HOWEVER, that all charges, costs and expenses incurred by the Association which are necessitated by the negligence, misuse or neglect of an apartment owner or occupant or any person under either of them shall be charged to such apartment owner or



the apartment owner of the apartment of such occupant, as a special assessment secured by the lien created under this Section K.

2. No apartment owner may exempt himself from liability for his contribution toward the common expenses or limited common expenses by waiver of the use or enjoyment of any of the common elements or by abandonment of his apartment.

3. The Board of Directors of the Association (herein sometimes called the "Board") shall from time to time assess the common expenses and limited common expenses against all the apartments in their respective proportionate shares as set forth in this Section K. All sums chargeable as common expenses or limited common expenses to any apartment but unpaid shall constitute a lien on such apartment prior to all other liens, except only (i) liens for taxes and assessments lawfully imposed by governmental authority against such apartment and (ii) liens for sums unpaid and costs and expenses, including attorneys' fees, on any mortgage of record which was recorded prior to the recordation of a notice of a lien by the Association. Such lien for an unpaid assessment may be foreclosed by suit by the Board or the Managing Agent on behalf of the Association, in like manner as the foreclosure of a mortgage of real property, provided that thirty (30) days' prior written notice of intention to foreclose shall be mailed by registered mail to all persons having any interest in such apartment as shown by the Association's record of ownership, including mortgagees of record. Upon receipt of such notice, any mortgagee of record shall be entitled to pay all unpaid amounts of any such assessment and the Board, acting on behalf of the Association, shall accept such payment in satisfaction thereof and thereupon release and discharge the lien securing the payment thereof. The Managing Agent acting on behalf of the Association and as directed by the Board, shall be entitled to bid on such apartment at foreclosure sale and to acquire, hold, lease, mortgage and convey such apartment. Action to recover a money judgment for unpaid common expenses or limited common expenses shall be maintainable without foreclosing or waiving the lien securing such expenses.

4. When the mortgagee of a mortgage of record or other purchaser of any apartment acquires title to such apartment as a result of a forfeiture or as a result of foreclosure of the mortgage or a conveyance in lieu of foreclosure, such mortgagee or purchaser and their respective heirs, devisees, personal representatives, successors

and assigns shall not be liable for the share of the common expenses, limited common expenses or assessments chargeable to such apartment which became due prior to such acquisition of title. Such unpaid share shall be deemed common expenses collectible from all apartment owners, including such mortgagee or such other purchaser and their respective heirs, devisees, personal representatives, successors and assigns.

5. In a voluntary conveyance the grantee of an apartment shall be jointly and severally liable with the grantor for all unpaid common expenses, limited common expenses or assessments chargeable to such apartment up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, any such grantor or grantee shall be entitled to a statement from the Managing Agent or the Board setting forth the amount of the unpaid common expenses, limited common expenses or assessments chargeable to such apartment, and except as to the amount of subsequently dishonored checks mentioned in such statement as having been received within the 30-day period immediately preceding the date of such statement, the grantee shall not be liable for, nor shall the apartment conveyed be subject to a lien for, any unpaid assessments against the grantor in excess of the amount set forth in the statement.

6. No apartment owner shall withhold any assessment claimed by the Association. An apartment owner who disputes the amount of an assessment may request a written statement clearly indicating:

(a) The amount of common expenses or limited common expenses included in the assessment, including the due date of each amount claimed;

(b) The amount of any penalty, late fee, lien filing fee, and any other charge included in the assessment;

(c) The amount of attorneys' fees and costs, if any, included in the assessment;

(d) That under Hawaii law, an apartment owner has no right to withhold assessments for any reason;

(e) That an apartment owner has a right to demand mediation or arbitration to resolve disputes

about the amount or validity of the Association's assessment, provided the apartment owner immediately pays the assessment in full and keeps assessments current; and

(f) That payment in full of the assessment does not prevent the owner from contesting the assessment or receiving a refund of amounts not owed.

Nothing in this section shall limit the rights of an owner to the protection of all fair debt collection procedures mandated under federal and state law.

7. An apartment owner who pays the Association the full amount claimed by the Association may file in small claims court or require the Association to mediate to resolve any disputes concerning the amount or validity of the Association's claim. If the apartment owner and the Association are unable to resolve the dispute through mediation, either party may file for arbitration under part VII of the Condominium Property Act; provided that an apartment owner may only file for arbitration if all amounts claimed by the Association are paid in full on or before the date of filing. If the apartment owner fails to keep all Association assessments current during the arbitration, the Association may ask the arbitrator to temporarily suspend the arbitration proceedings. If the apartment owner pays all Association assessments within thirty (30) days of the date of suspension, the apartment owner may ask the arbitrator to recommence the arbitration proceedings. If the owner fails to pay all Association assessments by the end of the 30-day period, the Association may ask the arbitrator to dismiss the arbitration proceedings. The apartment owner shall be entitled to a refund of any amounts paid to the Association which are not owed.

L. INSURANCE - CASUALTY AND LIABILITY.

1. The Association, at its common expense, shall at all times keep the buildings and all improvements, fixtures, common elements and whether or not part of the common elements, all exterior and interior walls, fences, gates, exterior doors, exterior glass, floors, roofs, ceilings, skylights (if any), fixtures, and mechanical and electrical equipment of the Project, in accordance with the as-built plans and specifications thereof, insured against loss or damage by fire and other damages under the Insurance Services Office, Inc. (ISO) condominium association coverage special form or equivalent or such broader

forms of protection as the Board of Directors of the Association shall determine, in a responsible insurance company authorized to operate in the State of Hawaii having a financial rating by Best's Insurance Reports of Class A VI or better, in the name of the Association of Apartment Owners. Such insurance shall be in an amount equal to the sum of (a) an amount as near as practicable to the full replacement cost of all common elements and, whether or not part of the common elements, all exterior and interior walls, floors and ceilings, and (b) an amount sufficient (as determined by the Board) to adequately protect all other portions of the buildings and all other fixtures, improvements and equipment covered by such insurance, without deduction for depreciation, and with an inflation guard endorsement and a water damage endorsement. Such insurance shall be payable in case of loss to such bank or trust company authorized to do business in the State of Hawaii as the Board of Directors of the Association shall designate (herein sometimes called the "Trustee") for the custody and disposition as hereinafter provided of all proceeds of such insurance, and the Association shall from time to time cause to be deposited with each mortgagee of record of any interest in an apartment, at least fifteen (15) days prior to the effective date or renewal date of such policies, true copies of such insurance policies or current certificates thereof, all without prejudice to the right of each apartment owner to insure his apartment for his own benefit. If any apartment owner shall notify the Association that such owner wishes to increase the amount of coverage for his apartment provided by such insurance, the Association shall obtain an endorsement to such policy providing for such increased coverage (if obtainable), and the increase in the premium as a result of such endorsement shall be specially assessed against such apartment, and said special assessment shall be secured by the lien created under Section K of this Declaration. Every such policy of insurance shall:

(a) If obtainable, provide that the liability of the insurer thereunder shall not be affected by, and that the insurer shall not claim any right of setoff, counterclaim, apportionment, proration or contribution by reason of any other insurance obtained by or for any apartment owner;

(b) Contain no provision relieving the insurer from liability for loss occurring while the hazard to such buildings is increased, whether or not within the knowledge or control of the Board of Directors of the Association, the Managing Agent, any apartment owner or any

other persons under any of them or because of any breach of warranty or condition or any other act or neglect by the Board of Directors of the Association, the Managing Agent, any apartment owner or any other persons under any of them:

(c) Provide that such policy may not be canceled or reduced by amount or type of coverage, whether or not requested by the Board of Directors of the Association, except by the insurer's giving at least sixty (60) days' prior written notice thereof to the Board of Directors of the Association, any mortgagee of record of any interest in any apartment, and every other person in interest who shall have requested such notice of the insurer;

(d) If obtainable at reasonable cost, contain a waiver by the insurer of any right of subrogation to any right of the Board of Directors of the Association, the Association, the Managing Agent, or any of the apartment owners against any of them or any other persons under them;

(e) Contain a waiver by the insurer of any right to deny liability because of vacancy of any apartment or apartments;

(f) If obtainable at reasonable cost, contain a "severability of interest" endorsement precluding the insurer from denying the claim of the Board of Directors of the Association, the Association, the Managing Agent, or any apartment owner because of negligent acts of any of the others;

(g) Contain a provision requiring the insurance carrier, at the inception of the policy and on each anniversary date thereof, to provide the Board of Directors of the Association 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 limits thereof, amount of annual premium and renewal date(s). The Board of Directors of the Association shall provide this information to each apartment owner;

(h) Contain a standard mortgagee clause which shall:

(1) Provide that any reference to a mortgagee in such policy shall mean and include all holders of mortgages of any apartment of the Project,

in their respective order and preference, whether or not named therein;

(2) Provide that such insurance as to the interest of any mortgagee shall not be invalidated by any act or neglect of the Board, the Association, the Managing Agent, any apartment owner or any other persons under any of them;

(3) Waive any provision invalidating such mortgagee clause by reason of the failure of any mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that the mortgagee pay any premium thereon, and any contribution clause; and

(4) Provide that, without affecting any protection afforded by such mortgagee clause, any proceeds payable under such policy shall be payable to said bank or trust company designated by the Board;

(i) Contain a provision waiving any right of the insurer to repair, rebuild or replace if a decision is made pursuant to this Declaration and the By-Laws not to reinstate, rebuild or restore the damage or destruction;

(j) Shall satisfy all other requirements for insurance under said Condominium Property Act or other applicable federal, state or local law; and

(k) If obtainable, shall be accompanied by the certificate of a licensed insurance broker or agent certifying that the policy complies with and satisfies all of the requirements hereinabove set forth.

2. The Board of Directors of the Association, on behalf of the Association and at its common expense, shall also effect and maintain at all times a commercial general liability insurance policy written on an occurrence form to include coverage for premises and operations, independent contractors, products and completed operations, personal and advertising injury, blanket contractual liability, and fire legal liability with the following minimum limits:

Bodily Injury and Property Damage

\$1,000,000 per occurrence  
\$2,000,000 general aggregate  
\$1,000,000 Products and Completed Operations

Personal and Advertising Injury

\$1,000,000 per person/organization  
\$1,000,000 general aggregate

Fire Legal Liability

\$100,000 any one fire  
\$100,000 general aggregate

The policy shall cover the Board of Directors of the Association, the Association, all apartment owners, the Managing Agent and its employees, and the employees of the Association with respect to the Project, and it shall be issued by a responsible insurance company authorized to operate in the State of Hawaii having a financial rating by Best's Insurance Reports of Class A VI or better. The Board of Directors of the Association may from time to time increase the limits of insurance with due regard to then prevailing prudent business practice in the State of Hawaii as reasonably adequate for the Board's, the Association's, all apartment owners', the Managing Agent's and its employees' and the employees of the Association's protection, and shall from time to time cause to be deposited with each mortgagee of record of any interest in an apartment, at least fifteen (15) days prior to the effective date or renewal date of such policies, true copies of such insurance policies or current certificates thereof, all without prejudice to the right of the apartment owners to maintain additional liability insurance for their respective apartments. Each such policy of insurance shall:

(a) If obtainable, 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 Board of Directors of the Association, the Managing Agent or any apartment owner or any other persons under any of them or because of any breach of warranty or condition or any other act or neglect by the Board of Directors of the Association, the Managing Agent or any apartment owner or any other persons under any of them;

(b) Provide that the policy and the coverage provided thereunder may not be canceled or substantially modified by the insurer except by the insurer giving to the Board of Directors of the Association, every apartment owner, every mortgagee of record of any interest in any apartment and every other person in interest who shall have requested such notice from the insurer, sixty

(60) days' prior written notice of such cancellation or modification;

(c) If obtainable at a reasonable cost, contain a waiver by the insurer of any right of subrogation to any right of the Board of Directors of the Association, the Managing Agent, the Association or any of the apartment owners against any of them or any other persons under them; and

(d) If obtainable at a reasonable cost, contain a "severability of interest" endorsement precluding the insurer from denying the claim of the Board of Directors of the Association, the Association, the Managing Agent or any apartment owner because of negligent acts of any of the others.

3. The Board of Directors of the Association may also procure insurance against such additional risks as the Board of Directors 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.

4. The Board of Directors of the Association will review not less frequently than annually the adequacy of its insurance program and shall report in writing its conclusions and action taken on such review to each apartment owner and to each mortgagee of record of any interest in an apartment which shall have requested a copy of such report. In conducting the review discussed in the immediately prior sentence, the Board of Directors may consult with its insurer or other insurance consultant. The Board of Directors of the Association shall increase the limits of all insurance from time to time so that the same are not less than such limits as are being carried generally for similar properties in the area. Copies of every policy of insurance procured by the Board of Directors of the Association 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.

5. Any insurance coverage procured by the Board of Directors of the Association shall be without prejudice to the right of any apartment owner to insure his apartment, the limited common elements appurtenant thereto, and the contents thereof for his own benefit and at his own expense.



6. Any insurance coverage required in this Section L shall be subject to availability with responsible insurance companies authorized to do business in the State of Hawaii. Where such coverage is not available, or is not available at a reasonable cost, then the Board shall substitute such other insurance coverage as is acceptable to institutional lenders for apartments in projects similar in construction, location and use.

M. INSURED CASUALTY.

1. If the Project is damaged by fire or other casualty which is insured against and said damage is limited to a single apartment and/or the limited common elements appurtenant thereto, all of the insurance proceeds shall be used by the Trustee for payment of the contractor employed by the Board of Directors of the Association to rebuild or repair such apartment and/or limited common elements, including paint, floor covering and fixtures, in accordance with plans and specifications therefor which will restore the same to the design immediately prior to destruction, or if reconstruction in accordance with said plans and specifications is not permissible under the laws then in force, in accordance with such plans and specifications as shall be previously approved by the Board of Directors of the Association and any mortgagee of record of any interest in the apartment so damaged.

2. If such damage extends to two or more apartments and/or the limited common elements appurtenant thereto, or to any other common elements, the Board of Directors of the Association shall thereupon contract to repair or rebuild the damaged portions of any building or buildings, including all apartments and limited common elements so damaged, as well as the common elements, in accordance with plans and specifications therefor 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 plans as shall be previously approved by the Board of Directors of the Association and any mortgagee of record of any interest in an apartment directly affected thereby; provided that in the event said modified plans eliminate any apartment and such apartment is not reconstructed the Trustee shall pay the owner of said apartment and any mortgagee of record of any interest in said apartment, as their interests may appear, 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.

3. Prior to the commencement of any rebuilding or repair pursuant to this Section M, the Board of Directors or the apartment owner contracting for such rebuilding or repair shall comply with all of the requirements of Paragraph 6 of Section I of this Declaration.

4. 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 M. If the insurance proceeds are insufficient to pay all the costs of repairing and/or rebuilding any common elements, the Board of Directors of the Association shall levy a special assessment on the owners of all 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 K of this Declaration.

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

(a) An architect or engineer (who may be an employee of the Board of Directors) shall be in charge of the work;

(b) 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 of Directors 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 or 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;

(c) 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 filed with respect to the premises any mechanics' or other lien or instrument for the retention of title with respect to any part of the work not discharged of record;

(d) 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;

(e) The fees and expenses of the Trustee as determined by the Board of Directors 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; and

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

6. Upon completion of the work and payment in full therefor, any remaining proceeds of insurance then or thereafter in the hands of the Board of Directors of the Association or the Trustee shall be paid or credited to the owners of the apartments and the holders of any mortgages on the apartments, as their interests may appear, in proportion to the respective common interests appurtenant to each apartment

7. To the extent that any loss, damage or destruction to any buildings or other property is covered by (or, under Paragraph 1 of Section L of this Declaration, should have been covered by) insurance procured by the Board of Directors of the Association, the Board of Directors of the Association shall have no claim or cause of action for such loss, damage or destruction against any apartment owner (other than for any special assessment levied pursuant to Paragraph 4 of this Section M). To the extent that any loss, damage or destruction to the property of any apartment owner is covered by insurance procured by such apartment owner, such apartment owner shall have no claim or cause of action for such loss, damage or destruction against the Board of Directors of the Association, the Managing Agent or any other apartment owner or any person claiming under any of them.

N. UNINSURED CASUALTY. In case at any time or times any improvements of the Project shall be substantially damaged or destroyed by any casualty not insured against, such improvements shall be rebuilt, repaired or restored unless seventy-five percent (75%) of all apartment owners vote not to rebuild, repair or restore. Any such restoration of the common elements shall be completed diligently by the Association at its common expense and the apartment owners shall be solely responsible for any restoration of their respective apartments so damaged or destroyed, according to the original plans and specifications thereof or such other plans and specifications first approved in the same manner as provided in Paragraph 6 of Section I of this Declaration. Unless such restoration is undertaken within a reasonable time after such casualty, the Association at its common expense shall remove all remains of improvements so damaged or destroyed and restore the site thereof to good order and condition and even grade.

O. CONDEMNATION.

1. In case at any time or times the Project or any part thereof shall be taken or condemned by any authority having the power of eminent domain, or shall be sold to such authority under threat of condemnation, all compensation and damages payable for or on account of the Land, the buildings and other improvements of the Project shall be payable to such bank or trust company authorized to do business in the State of Hawaii as the Board shall designate as trustee for all apartment owners and mortgagees of record affected thereby, according to the loss or damage to their respective apartments and appurtenant common interests, and shall be used promptly by the Association to the extent necessary for restoring or replacing said buildings and other improvements on the remaining Land according to modified plans and specifications therefor first approved as herein provided, unless such restoration or replacement is impractical in the circumstances. In the event of a partial taking in which any apartment is eliminated or not restored, the trustee shall disburse the portion of the proceeds of such award allocable to said apartment less the proportionate share of said apartment in the cost of debris removal, to the owner and mortgagee, if any, of said apartment, as their interests may appear. The condemnation trustee shall disburse the remainder of the proceeds of such award payable for or on account of said buildings and other improvements to the contractor engaged in such repair and restoration in

the same manner funds are disbursed for repair and restoration work under Section M above, and in the event such proceeds are insufficient to pay the costs thereof the Board of Directors of the Association shall levy a special assessment or assessments on the owners of the apartments in the same manner as set forth in Paragraph 4 of Section K hereof in case of damage by fire or other casualty and said special assessment or assessments shall be secured by the lien created under Section K hereof. Unless such restoration or replacement is undertaken within a reasonable time after such condemnation, the Association at its common expense shall remove all remains of such improvements so taken or condemned and restore the site thereof to good order and condition and even grade. In the event the sums received by the Trustee are in excess of the cost of repairing, restoring or removing said buildings and other improvements, such excess proceeds shall be divided between the owners of the apartments and any mortgagees of the apartments, as their interests may appear.

2. In case at any time or times only a leasehold interest in the Project or any part thereof shall be taken or condemned by any authority having the power of eminent domain, or shall be sold to such authority under threat of condemnation, then and in every such case, notwithstanding the foregoing provisions of Paragraph 1 of this Section O, all compensation and damages payable for or on account of such leasehold interest shall be payable to the apartment owners affected by such taking or condemnation and any mortgagees of such apartments; provided, however, that such taking or condemnation shall not affect the obligations of such apartment owners under this Declaration.

P. PARTIAL RESTORATION. Restoration of the Project with less than all of the apartments after casualty or condemnation may be undertaken by the Association only pursuant to an amended declaration, duly adopted by the affirmative vote of all of the apartment owners and by all holders of liens affecting all or any part of the Project, (i) removing the Project from the condominium property regime established by the execution and recordation of this Declaration, (ii) reconstituting all of the remaining apartments and common elements to be restored as a new condominium property regime, and (iii) providing for payment to the owner of each apartment not to be restored the agreed value of such apartment and the common interest appurtenant thereto.

Q. DETERMINATION AGAINST RESTORATION. When an election is permissible under the terms of this Declaration, the Project shall be repaired, rebuilt or restored in the event of damage or destruction to all or any part of the buildings and common elements, unless, within ninety (90) days after such damage or destruction, it is determined by the vote of seventy-five percent (75%) of the apartment owners (including the owners of seventy-five percent (75%) of the damaged or destroyed apartments) that the Project not be so repaired, rebuilt or restored.

R. ALTERATION OF PROJECT.

1. Except as otherwise provided herein or in the By-Laws, restoration, repair or replacement of the Project or of any building or other facility or construction of any additional building or structural alteration or addition to any structure, different in any material respect from said Condominium Map of the Project, shall be undertaken by the Association or any apartment owners only pursuant to an amendment of this Declaration, duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) of the apartment owners and accompanied by the written consent of the holders of all liens affecting any of the apartments, and in accordance with all of the requirements of Paragraph 6 of Section I of this Declaration, and promptly upon completion of such restoration, replacement or construction, the Association shall duly file of record such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer; PROVIDED, HOWEVER, that notwithstanding any other provision in this Declaration to the contrary, the owner of an apartment may make any alterations or additions within an apartment and the owner of any two adjoining apartments may alter or remove all or portions of the intervening walls, at such owner's expense, if such alterations or additions are not visible from the exterior of the apartments and if the structural integrity of the building is not thereby affected. The alterations or additions permitted by the immediately preceding proviso shall require only the written approval thereof, including approval of the apartment owner's plans therefor, by the holders of first mortgage liens affecting such apartment (if the lien holders require such approval), by the appropriate agencies of the State of Hawaii and the City and County of Honolulu if such agencies so require, by the Board of Directors of the Association (which approval shall not be unreasonably or arbitrarily withheld or delayed), and by all other apartment owners thereby directly affected (as determined in a reasonable

manner by the Board of Directors of the Association) and such alterations or additions may be undertaken without an amendment to this Declaration or filing of a complete set of floor plans of the Project as so altered. Prior to the termination of the common ownership of any two adjoining apartments, if the intervening walls shall have been altered or removed pursuant to the foregoing provision and any entrances sealed, the owner of such apartment shall restore such intervening walls and entrances to substantially the same condition in which they existed prior to such alteration or removal.

2. Notwithstanding any other provision in this Declaration to the contrary, prior to (a) the time that all apartments in the Project have been sold and recorded and (b) the recordation by the Developer of the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of said Condominium Property Act (but in no event later than December 31, 2001), the Developer shall have the right to make alterations in the Project (and to amend this Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any apartment (and the limited common elements appurtenant thereto, in the Project which is not sold and recorded; or to make other alterations in the Project (and to amend this Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which make minor changes in any apartment in the Project or the common elements which do not affect the physical location, design or size of any apartment which has been sold and recorded; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in Paragraph 3 of Section T of this Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project and the recordation in the Bureau of Conveyances of the State of Hawaii of apartment conveyances transferring interests in the apartments from the Developer to parties not signatory to this Declaration.

3. Each Type B, Type BR, Type C and Type CR apartment in the Project will be offered to initial purchasers with an optional floor plan which deletes a bedroom and adds a den in lieu thereof. Each Type F, Type FR and Type FE apartment in the Project will be offered to initial purchasers with an optional floor plan which adds an additional bathroom. The basic floor plan and the optional floor plan for each of these apartment types are shown on

the Condominium Map. Notwithstanding any other provision in this Declaration to the contrary, prior to the time that all apartments in the Project have been sold and recorded, the Developer shall have the right to make alterations in the Project (and to amend this Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, to construct or modify each Type B, Type BR, Type C, Type CR, Type F, Type FR and Type FE apartment in accordance with the respective optional floor plans shown on the Condominium Map; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in Paragraph 5 of Section T of this Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of Apartments in the Project and the recordation in the Bureau of Conveyances of the State of Hawaii of Apartment Conveyances transferring interests in the apartments from the Developer to parties not signatory to this Declaration.

S. MERGER OF ADDITIONAL INCREMENTS.

1. Merger of Project with Additional Phases.

The provisions of that certain Declaration of Merger of Condominium Phases (hereinafter referred to as the "Declaration of Merger") recorded or to be recorded in the Bureau of Conveyances of the State of Hawaii concurrently herewith, as it may be amended from time to time, are incorporated into this Declaration and made a part hereof and shall govern in the event of a conflict with the provisions of this Declaration and the By-Laws. The Declaration of Merger, among other things, gives the Developer the right, in its sole and absolute discretion, to cause and effect an administrative merger or mergers of the Project with a condominium project or projects located or to be located on lands (or a portion or portions thereof) adjacent to the Land of the Project, which adjacent lands are described in Exhibit "C" attached hereto and hereby made a part hereof, as part of the same incremental plan of development of the Project such that the use of the respective common elements, the respective common expenses and the management of the respective affairs of the Project and the additional phases are shared, and the administration of the Project and the additional phases is unified under one association of apartment owners, but the ownership interests of the apartment owners in the Project and the additional phases are not altered or affected. The Declaration of Merger also gives the Developer the right, in its sole and absolute discretion, to cause and effect an ownership merger or mergers of the Project and the additional phases, as an alternative to an administrative



merger or mergers of the Project and the additional phases, to provide for the common ownership of the Project and the additional phases, by all of the apartment owners of the Project and the additional phases. Upon an ownership merger, all of the apartments in the merged phases shall be treated as though they were all included in a single condominium project (the "Merged Project"), all common elements of the merged phases will become the common elements of the Merged Project, and each apartment owner's percentage of undivided interest in the common elements and in all common profits and expenses will be altered from the percentage set forth in Exhibit "B" of this Declaration to the applicable percentage to be set forth in the Certificate of Ownership Merger recorded by the Developer in accordance with the Declaration of Merger.

2. No Obligations Regarding Other Phases.

Nothing in this Section S as to merger shall be construed as a representation or warranty by Developer that any of the other phases will be developed or merged with the Project, or to require Developer to develop any of the other phases or to merge any of the other phases into the Project, or to prohibit Developer from dealing freely with the property described in Exhibit "C" attached hereto, including, without limitation, developing the whole or any part of such property for a purpose inconsistent with the merger of such property into the project.

3. Easements for Construction and Sale of Other Phases. In connection with, and only to the extent necessary for, the development, construction and sale of apartments and common elements in any of the other phases as aforesaid, the Developer, its employees, agents and contractors, shall have the right to enter upon the common elements of the Project for all purposes reasonably necessary for or useful to (a) the construction and completion of any of the other phases according to plans and specifications or amended plans and specifications approved by the officer of the City and County of Honolulu having jurisdiction over the issuance of building permits, (b) the sale of apartments in any of the other phases, (c) the connection of the apartments and common elements in any of the other phases, to utilities serving the Project, and (d) the relocation or realignment of any existing easements, rights-of-way or utilities, provided that any such relocation or realignment shall not materially impair or interfere with the use and enjoyment of any apartment in the Project. The Developer shall have, and hereby reserves, an easement over, under and across the common elements of the Project for the purposes of commencing and completing all

work connected with or incidental to the development, construction and sale of the apartments and other improvements contemplated for any of the other phases, together with the right, in the form of an easement, to create and cause noise and other nuisances necessitated by and resulting from any work connected with or incidental to the development, construction and sale of the apartments and improvements contemplated for any of the other phases. The Developer further reserves the right to grant, for the benefit of the owner or owners from time to time of all or any portion of each of the other phases and without the consent or joinder of any party having any interest in the Project, easements over, under, across, along, upon and through the common elements for ingress and egress purposes, access purposes, parking purposes, recreation purposes, electrical, gas, communications and other utility purposes, sanitary sewer, drainage and drainline, waterline, and flowage purposes, and all other purposes, to the State of Hawaii, the City and County of Honolulu, the Board of Water Supply of the City and County of Honolulu, any other appropriate governmental agency, and/or any public or private utility or other corporation, partnership, individual or entity, provided that such easements and rights-of-way do not materially impair or interfere with the use of any apartment in the Project or the common elements.

4. Easements for Sales Activities. Until December 31, 2001, the Developer shall have the right to conduct extensive sales activities utilizing the common elements of the Merged Project and any apartment(s) still owned by the Developer, including the use of model apartments, sales and management offices, and extensive sales displays and activities.

5. Easements for Completion of Improvements. Until December 31, 2001, the Developer, its agents, employees, contractors, licensees, successors and assigns shall have a nonexclusive easement over the common elements of the Merged Project, as may be reasonably necessary for the completion of any improvements to and correction of defects and other punchlist items in the common elements of the Merged Project.

6. Easements in favor of Developer and Owner or Owners of the Land Described in Exhibit "C". The Developer has certain easements over, under, across, along, upon and through the Land, together with the right to grant some or all of said easements to the owner or owners from time to time of all or any portion of the land described in Exhibit "C". These easements include (a) nonexclusive easements

for access and utilities purposes over, under, across, along and upon the roadways which are included in the common elements of the Project (the "Roadway Areas"), (b) exclusive easements for parking purposes over and upon the Parking Easement Area, (c) nonexclusive easements for recreation purposes over and upon the Recreation Center, and (d) nonexclusive easements for drainage purposes over, under, across, along, upon and through the Drainage System Area (the Roadway Areas, the Parking Easement Area, the Recreation Center, the Drainage System Area and all other easement areas subject to easements in favor of the Developer are herein collectively called the "Easement Areas"). The Association, and not the Developer, is responsible for the maintenance, repair, replacement and restoration of the Easement Areas. Notwithstanding the foregoing, in the event the Project is merged with any of the other phases, upon such merger the responsibility for the maintenance, repair, replacement and restoration of the Easement Areas will be determined in accordance with the provisions of the Declaration of Merger.

T. AMENDMENT OF DECLARATION.

1. Except as otherwise provided herein or in said Condominium Property Act, this Declaration may be amended by the affirmative vote or written consent of the owners of apartments to which are appurtenant seventy-five percent (75%) of the common interests, and shall be effective only upon the recording in the Bureau of Conveyances of the State of Hawaii of an instrument setting forth such amendment and vote or written consent duly executed by the proper officers of the Association; provided, however, that this Section T and any other provision herein which gives the Developer any right or authority can be amended only if, in addition to such vote or written consent of the apartment owners, Developer or its successors or assigns gives written consent to such amendment; provided further, however, that the approval of eligible holders of first mortgages (as defined below) on apartments to which at least fifty-one percent (51%) of the votes of units subject to mortgages held by such eligible holders are allocated shall be required to materially amend any provision herein, or to add any material provisions hereto, which establish, provide for, govern or regulate any of the following: (a) voting; (b) assessments, assessment liens or subordination of such liens; (c) reserves for maintenance, repair and replacement of the common elements; (d) insurance or fidelity bonds; (e) right to use of the common elements; (f) responsibility for maintenance and repair of the

several portions of the Project; (g) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project; (h) boundaries of any apartment; (i) the interests in the common elements or limited common elements; (j) convertibility of apartments into common elements or of common elements into apartments; (k) leasing of apartments; and (l) imposition of any right of first refusal or similar restriction on the right of a unit owner to sell, transfer, or otherwise convey his or her apartment. To qualify as an "eligible holder of first mortgage", a first mortgagee must have made a written request to the Association for timely written notice of proposed amendments to the condominium instruments. In the event that an eligible holder of first mortgage fails to appear at a meeting of the Association at which amendments to this Declaration are proposed and considered, or fails to file a written response with the Association within thirty (30) days after it receives proper notice of the proposed amendment, delivered by certified or registered mail, with a "return receipt" requested, then and in any such event the approval of such amendments by such eligible holder of first mortgage shall be conclusively assumed. Notwithstanding the foregoing, at any time prior to the recordation in the Bureau of Conveyances of the first apartment conveyance in favor of a party not a signatory to this Declaration, the Developer hereby reserves the right to amend this Declaration, the By-Laws and the Condominium Map in any manner, without the approval, consent or joinder of any other person.

2. Notwithstanding the foregoing and until the recordation in said Bureau of Conveyances of apartment conveyances or agreements of sale with respect to all of the apartments in the Project, in favor of parties not a signatory to this Declaration, the Developer hereby reserves the right to amend this Declaration, the By-Laws and the Condominium Map, without the approval, consent or joinder of any purchaser of an apartment or any of the persons then owning or leasing any apartment, to make such amendments as may be required by law, by the Real Estate Commission of the State of Hawaii, by any title insurance company issuing a title insurance policy on the Project or any of the apartments, by any institutional lender lending funds on the security of the Project or any of the apartments, or by any governmental agency; provided, however, that, except as otherwise provided herein, no such amendment which would change the common interest appurtenant to an apartment or substantially change the design, location or size of an apartment or the building in which it is

located shall be made without the consent to such amendment by all persons having an interest in such apartment.

3. Notwithstanding the foregoing and notwithstanding the recordation of any apartment conveyances or agreements of sale with respect to any or all of the apartments in favor of any person, the Developer hereby reserves the right to successively amend this Declaration (including the By-Laws and, when applicable, the Condominium Map), without the approval, consent or joinder of any purchaser of an apartment or any of the persons then owning or leasing any apartment, to file the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of said Condominium Property Act, (i) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plans theretofore filed or being filed simultaneously with such amendment fully and accurately depict the layout, location, apartment numbers and dimensions of the apartments as built, or (ii) so long as any plans filed therewith involve only changes to the layout, location, apartment numbers or dimensions of or other changes to the apartments and common elements as built which the Developer is permitted to make in accordance with Paragraph 2 of Section R of this Declaration.

4. Notwithstanding the foregoing, apartment owners shall have the right to change the designation of parking stalls which are appurtenant to their respective apartments by amendment of this Declaration and the respective deed(s) involved. The amendment need only be signed by the owners and their respective mortgagees, if any) of the apartments whose parking stalls are being changed. The amendment shall be effective only upon recordation in the Bureau of Conveyances of the State of Hawaii. Notwithstanding the foregoing, the Developer hereby reserves the right to amend this Declaration, without the approval, consent or joinder of any other person, to change the designation of parking stalls which are appurtenant to apartments owned by the Developer. The amendment need only be signed by the Developer and shall be effective upon recordation in the Bureau of Conveyances.

5. Notwithstanding the foregoing and notwithstanding the recordation of any apartment conveyances or agreements of sale with respect to any or all of the apartments in favor of any person, the Developer hereby reserves the right to successively amend this Declaration (including the By-Laws and, when applicable, the Condominium Map), without the approval, consent or joinder of any purchaser

of an apartment or any of the persons then owning or leasing any apartment, or any other person, to make such amendments necessary or appropriate to reflect such alterations in the Project which the Developer is permitted to make in accordance with Paragraph 3 of Section R of this Declaration.

U. COMPLIANCE WITH DECLARATION AND BY-LAWS.

All apartment owners, their tenants, lessees, families, servants, guests, invitees, licensees, employees, and any other persons who may in any manner use the Project, or any part thereof, shall be bound by and subject to the provisions of said Condominium Property Act and to the provisions of this Declaration, the By-Laws of the Association, and all agreements, decisions and determinations of the Association as lawfully made or amended from time to time. All apartment owners, their tenants, lessees, families, servants, guests, invitees, licensees, employees, and any other persons who in any manner use the Project, or any part thereof, shall comply strictly with the By-Laws and with the Rules and Regulations adopted pursuant thereto, as either of the same may be lawfully amended from time to time, 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 injunctive relief, or both, maintainable by the Managing Agent or the Board of Directors of the Association on behalf of the Association or by the Developer 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 Board of Directors of the Association, the Board of Directors 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 of Directors 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 or the Board of Directors for:

1. collecting any delinquent assessments against any owner's apartment; or
2. foreclosing any lien thereon; or

3. enforcing any provision of this Declaration, the By-Laws, the Rules and Regulations adopted pursuant to the By-Laws or said Condominium Property Act; or

4. enforcing the rules of the Real Estate Commission of the State of Hawaii

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

If any claim by an owner is substantiated in any action against the Association, any of its officers or directors, or the Board of Directors to enforce any provision of this Declaration, the By-Laws of the Association, the Rules and Regulations adopted pursuant thereto, or the Condominium Property Act, then all reasonable and necessary expenses, costs and attorneys' fees incurred by the owner shall be awarded to such owner; provided that no such award shall be made in any derivative action unless: (i) the owner first shall have demanded and allowed reasonable time for the Board of Directors to pursue such enforcement; or (ii) the owner demonstrates to the satisfaction of the court that a demand for enforcement made to the Board of Directors would have been fruitless.

The acceptance of an apartment conveyance, agreement of sale, mortgage or rental agreement, or the entering into occupancy of any apartment in the Project, shall constitute an agreement that the provisions of this Declaration, the By-Laws of the Association and the Rules and Regulations adopted pursuant thereto, as each may be amended from time to time, are accepted, ratified and will be strictly complied with by an apartment owner, his tenants, lessees, family, servants, guests, invitees, licensees and employees, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such apartment as though such provisions were recited and stipulated at length in each and every apartment conveyance, agreement of sale, mortgage or rental agreement thereof.

The Association shall be bound by the waivers of claims, rights of action and suits against the Developer, its successors and assigns, contained in the apartment conveyances by the Developer to purchasers of apartments in the Project, and the Association shall not bring against the Developer, its successors and assigns, any claim or right of action or suit relating to any of the matters waived by the purchasers in such apartment conveyances.

V. SECURITY. Neither the Developer nor the Association shall be considered in any way an insurer or guarantor of security within the Project and each apartment owner agrees not to hold the Developer or the Association liable for any loss or damage such apartment owner or anyone else may suffer by reason of a failure to provide adequate security or from the ineffectiveness of any security measures undertaken at the Project. Each apartment owner assumes all risk of injury, loss or damage that may arise due to a failure to provide adequate security or from the ineffectiveness of any security measures undertaken at the Project. By acquiring an interest in an apartment in the Project, each apartment owner acknowledges and agrees that neither the Developer nor the Association has made any representations or warranties, either express or implied, about any security measures at the Project and such apartment owner has not relied upon any such representations or warranties.

W. ARBITRATION OF CERTAIN DISPUTES INVOLVING THE DEVELOPER OR DEVELOPMENT TEAM MEMBERS. In the event any dispute shall arise involving the Developer or the Developer's agents, architects, consultants, engineers, or representatives (the "Development Team Members") and one or more apartment owners or the Association arising out of or in any way connected with the design, development, construction, sales, marketing, financing, delivery of the Apartments, warranties, or any other activity relating to the Project, the claim shall be submitted for resolution in Honolulu, Hawaii, by a single arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall also be governed by the applicable provisions of Chapter 658 of the Hawaii Revised Statutes, as amended. If the parties cannot mutually agree upon a single arbitrator, the arbitrator shall be selected in accordance with the Commercial Arbitration Rules. The arbitrator's decision shall be fully binding on all parties to the arbitration. The costs of the arbitration shall be borne equally (unless otherwise determined by the arbitrator) by the parties, except that



each party shall (unless otherwise determined by the arbitrator) be responsible to pay its own attorneys' and witnesses' fees. No punitive damages shall be awarded in any claim against the Developer or any Development Team Member. The provisions of this paragraph shall be effective and applicable in any claim against the Developer whether or not such claim be solely against the Developer, or against the Developer together with other parties, including Development Team Members. If any apartment owner or the Association brings a claim against the Developer together with other parties (including Development Team Members), and such other parties are unwilling and are not otherwise required to resolve the claim by arbitration, then the claim as to the Developer shall be submitted to arbitration as provided in this paragraph, and the Developer shall not be named as a defendant in any lawsuit which such apartment owner or the Association may file against such other parties based upon such claim. If (a) an apartment owner or the Association brings a claim against any third party (including any Development Team Member) who is unwilling and not otherwise required to submit to arbitration, and (b) such other party names the Developer as a third party defendant in any lawsuit involving such claim, and (c) the apartment owner or the Association has the right to assert the same claim directly against the Developer, then and in any such event, if the Developer so requests, the apartment owner or the Association shall (i) terminate its lawsuit against the third party without prejudice provided that such third party terminates its third party claim against the Developer and agrees to have the apartment owner's or the Association's claim resolved by arbitration, and (ii) bring the apartment owner's or Association's claim directly against the Developer and such other party, and submit such claim to arbitration pursuant to the terms of this paragraph.

X. MEDIATION/ARBITRATION OF DISPUTES CONCERNING THE CONDOMINIUM PROPERTY ACT, THIS DECLARATION, THE BY-LAWS, THE RULES AND REGULATIONS AND OTHER MATTERS. If a dispute arises concerning or involving one or more apartment owners and the Association, the Board, the Managing Agent or one or more other apartment owners relating to the interpretation, application or enforcement of the Condominium Property Act or this Declaration, the By-Laws or the Rules and Regulations, or relating to a determination of the value of an apartment pursuant to Section P of this Declaration, the parties involved in such dispute shall first try in good faith to settle the dispute by mediation under the Commercial Mediation Rules of the American Arbitration Association, before resorting to arbitration.

Thereafter, at the request of any party, any remaining unresolved controversy, shall be submitted to arbitration as provided by Section 514A-121 of the Condominium Property Act. Nothing in this paragraph shall be interpreted to require the arbitration of any dispute which is either exempt from arbitration pursuant to Section 514A-121 of the Condominium Property Act or determined to be unsuitable for arbitration pursuant to Section 514A-122 of the Condominium Property Act.

Y. CHANGES IN LAW. In the event any change in the Condominium Property Act shall result in a conflict or inconsistency between the provisions of this Declaration and the Condominium Property Act, the provisions of the Condominium Property Act shall prevail.

Z. INVALIDITY. The invalidity of any provision of this Declaration 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 therein.

AA. WAIVER. No provision contained in this Declaration 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 which may occur.

AB. 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 this Declaration or the intent of any provision hereof.

AC. DEFINITIONS. The terms "majority" or "majority of apartment owners" herein means the owners of apartments to which are appurtenant more than fifty percent (50%) of the common interests, and any specified percentage of the apartment owners means the owners of apartments to which are appurtenant such percentage of the common interests. The term "apartment conveyance" herein means an apartment deed conveying an apartment in the Project, together with the common interest appurtenant thereto, to the purchaser thereof. References to "Developer" shall include the Developer and its successors and assigns.

IN WITNESS WHEREOF, the Developer has executed these presents this 24th day of June, 1996.

CASTLE & COOKE HOMES HAWAII,  
INC.

BY Wallace Miyahira  
Its PRESIDENT WALLACE MIYAHIRA

BY Roland Kim  
Its VICE PRESIDENT ROLAND KIM

Developer

NOT FOR REAL ESTATE TRANSACTIONS

STATE OF HAWAII )  
 ) ss.  
CITY AND COUNTY OF HONOLULU )

On this \_\_\_\_\_ day of JUN 24 1996, 19\_\_\_\_,

before me appeared WALLACE MIYAHIRA and

ROLAND KAI, to me personally known, who, being by me duly sworn, did say that they are the PRESIDENT and VICE PRESIDENT respectively, of CASTLE & COOKE HOMES HAWAII, INC., a Hawaii corporation; that said instrument was signed in behalf of said corporation by authority of its Board of Directors; and said officers acknowledged said instrument to be the free act and deed of said corporation.

Cynthia Kadelawa  
Notary Public, State of Hawaii

My commission expires: March 22, 1998

NOT FOR REAL ESTATE TRANSACTIONS

EXHIBIT "A"

That certain parcel of land situate at Maunaloa, City and County of Honolulu, State of Hawaii, more particularly described as Lot 1-A of "LALEA AT HAWAII KAI", as shown on File Plan 2179, filed in the Bureau of Conveyances of the State of Hawaii, area 6.294 acres, more or less.

TOGETHER WITH the following:

1. A nonexclusive, appurtenant easement for access and utilities purposes over, under, across, along, upon and through Easement A-1, as shown on File Plan 2179, filed in said Bureau of Conveyances; PROVIDED, HOWEVER, that in the event that said easement or portion thereof shall be conveyed to the State of Hawaii, the City and County of Honolulu or other governmental authority and dedicated to public use, said easement or portion thereof so conveyed and dedicated shall immediately terminate.

2. A nonexclusive, appurtenant easement for park purposes over and upon Easement P-2, as shown on File Plan 2179 filed in said Bureau of Conveyances.

SUBJECT, HOWEVER, to the following:

1. Reservation in favor of the State of Hawaii of all minerals and metallic mines.

2. Grant dated May 1, 1969, recorded in Liber 6542 at Page 102, in favor of Hawaiian Electric Company, Inc., a Hawaii corporation, granting an easement for utility purposes.

3. Grant dated February 17, 1972, recorded in Liber 3197 at Page 137, in favor of Hawaiian Electric Company, Inc., a Hawaii corporation, granting an easement for utility purposes.

4. Grant dated May 28, 1974, recorded in Liber 10448 at Page 200, in favor of the City and County of Honolulu, granting an easement for flowage purposes.

5. Unilateral Agreement and Declaration for Conditional Zoning dated July 3, 1986, recorded in Liber 19645 at Page 696.

6. Declaration of Covenants dated June 3, 1991, recorded as Document No. 91-119313, as amended.

7. Reservations contained in Limited Warranty Deed dated September 29, 1992, recorded as Document No. 92-186490.

8. Easement "E-1" (area 149 square feet), for electric switching vault purposes, as shown on survey map prepared by Kendall Hee, Registered Professional Land Surveyor, with Engineers Surveyors Hawaii, Inc., dated May 5, 1994, and as shown on map dated February 14, 1996, prepared by Laurance M. Masuda, Licensed Professional Land Surveyor.

9. Easement "RW-1" (2 feet wide, area 949 square feet), for wall purposes, as shown on survey map prepared by Kendall Hee, Registered Professional Land Surveyor, with Engineers Surveyors Hawaii, Inc., dated May 5, 1994.

10. Terms and provisions of unrecorded Agreement dated August 17, 1994 as disclosed by Limited Warranty Deed dated December 20, 1994, recorded as Document No. 94-207355.

11. Covenants in Limited Warranty Deed dated December 20, 1994, recorded as Document No. 94-207355.

12. East Honolulu Community Services, Inc.'s Development Sewer Connection Agreement dated December 16, 1994, recorded as Document No. 94-207356.

13. Declaration of Restrictive Covenants (Private Park) dated November 13, 1995, recorded as Document No. 96-061152, as amended from time to time.

14. Landscape Maintenance Agreement dated April 29, 1996, between Castle & Cooke Homes Hawaii, Inc. and Mariner's Ridge Maintenance Association, recorded as Document No. 96-061153, as amended from time to time.

15. Easement "A-1" for access and utility purposes, as shown on File Plan 2179.

16. Easements "D-1", "D-3" and "D-4" for drainage purposes, as shown on File Plan 2179.

17. Easements "W-1" and "W-2" for water purposes, as shown on File Plan 2179.

18. Easement "S-1" for sewer purposes, as shown on File Plan 2179.

19. Easement "E-2" for communication purposes, as shown File Plan 2179.

20. Easement "P-1" for park purposes, as shown on File Plan 2179.

21. Easement "PS-1" for parking purposes, as shown on File Plan 2179.

22. Declaration of Merger of Condominium Phases dated June 24, 1996, recorded as Document No. 96-091382, as amended from time to time.

EXHIBIT "B"

Apt. No.	Apt. Type	Bldg. No.	Parking Stall No(s).	Yard Area No.	No. of Rooms in Apt.	Approx. Net Living Floor Area in Sq. Ft.	Approx. Net Garage Floor Area in Sq. Ft.	Common Interest
1	D	1	1C	Y1	8	1075	282	1.29552%
2	DR	1	2C	Y2	8	1075	282	1.29552%
3	B	1	T4	Y3	6	908	224	1.09426%
4	C	1	T5	--	6	947	241	1.14127%
5	A	1	3C, 9C	--	4	751	--	.90506%
6	BR	1	T8	Y6	6	908	224	1.09427%
7	CR	1	T7	--	6	947	241	1.14127%
8	AR	1	6, 102C	--	4	751	--	.90506%
9	D	1	109	Y9	8	1075	282	1.29552%
10	DR	1	10	Y10	8	1075	282	1.29552%
11	DR	2	17C	Y11	8	1075	282	1.29552%
12	D	2	11C	Y12	8	1075	282	1.29552%
13	ER	2	T12	Y13	8	1124	246	1.35458%
14	E	2	T13	Y14	8	1124	246	1.35458%
15	B	2	T15	Y15	6	908	224	1.09426%
16	C	2	T16	--	6	947	241	1.14127%
17	A	2	14, 108	--	4	751	--	.90506%
18	ER	2	T18	Y18	8	1124	246	1.35458%
19	E	2	T19	Y19	8	1124	246	1.35458%
20	D	2	101	Y20	8	1075	282	1.29552%
21	DR	2	20	Y21	8	1075	282	1.29552%
22	D	3	22C	Y22	8	1075	282	1.29552%
23	DR	3	21C	Y23	8	1075	282	1.29552%
24	B	3	T24	Y24	6	908	224	1.09426%
25	C	3	T25	--	6	947	241	1.14127%
26	A	3	23C, 100C	--	4	751	--	.90506%
27	BR	3	T28	Y27	6	908	224	1.09427%
28	CR	3	T27	--	6	947	241	1.14127%



Apt. No.	Apt. Type	Bldg. No.	Parking Stall No(s).	Yard Area No.	No. of Rooms in Apt.	Approx. Net Living Floor Area in Sq. Ft.	Approx. Net Garage Floor Area in Sq. Ft.	Common Interest
29	AR	3	29C, 26	--	4	751	--	.90506%
30	D	3	31	Y30	8	1075	282	1.29552%
31	DR	3	30	Y31	8	1075	282	1.29552%
32	D	4	37C	Y32	8	1075	282	1.29552%
33	DR	4	36	Y33	8	1075	282	1.29552%
34	ER	4	T38	Y34	8	1124	246	1.35458%
35	E	4	T39	Y35	8	1124	246	1.35458%
36	B	4	T41	Y36	6	908	224	1.09426%
37	C	4	T42	--	6	947	241	1.14127%
38	A	4	40, 43C	--	4	751	--	.90506%
39	ER	4	T44	Y39	8	1124	246	1.35458%
40	E	4	T45	Y40	8	1124	246	1.35458%
41	D	4	47C	Y41	8	1075	282	1.29552%
42	DR	4	46	Y42	8	1075	282	1.29552%
43	D	5	87	Y43	8	1075	282	1.29552%
44	DR	5	86	Y44	8	1075	282	1.29552%
45	ER	5	T48	Y45	8	1124	246	1.35458%
46	E	5	T49	Y46	8	1124	246	1.35458%
47	B	5	T51	Y47	6	908	224	1.09426%
48	C	5	T52	--	6	947	241	1.14127%
49	A	5	50, 85C	--	4	751	--	.90506%
50	ER	5	T54	Y50	8	1124	246	1.35458%
51	E	5	T55	Y51	8	1124	246	1.35458%
52	D	5	53C	Y52	8	1075	282	1.29552%
53	DR	5	56	Y53	8	1075	282	1.29552%
54	D	6	57C	Y54	8	1075	282	1.29552%
55	DR	6	80C	Y55	8	1075	282	1.29552%
56	ER	6	T58	Y56	8	1124	246	1.35458%

Apt. No.	Apt. Type	Bldg. No.	Parking Stall No(s).	Yard Area No.	No. of Rooms in Apt.	Approx. Net Living Floor Area in Sq. Ft.	Approx. Net Garage Floor Area in Sq. Ft.	Common Interest
57	E	6	T59	Y57	8	1124	246	1.35458%
58	BR	6	T62	Y58	6	908	224	1.09427%
59	CR	6	T61	--	6	947	241	1.14127%
60	AR	6	63C, 84C	--	4	751	--	.90506%
61	ER	6	T64	Y61	8	1124	246	1.35458%
62	E	6	T65	Y62	8	1124	246	1.35458%
63	D	6	60	Y63	8	1075	282	1.29552%
64	DR	6	66	Y64	8	1075	282	1.29552%
65	D	7	32, 33C, 34C, 35C, 107	Y65	8	1075	282	1.29552%
66	DR	7	73C	Y66	8	1075	282	1.29552%
67	ER	7	T68	Y67	8	1124	246	1.35458%
68	E	7	T69	Y68	8	1124	246	1.35458%
69	B	7	T71	Y69	6	908	224	1.09426%
70	C	7	T72	--	6	947	241	1.14127%
71	A	7	104, 70	--	4	751	--	.90506%
72	ER	7	T74	Y72	8	1124	246	1.35458%
73	E	7	T75	Y73	8	1124	246	1.35458%
74	D	7	106	Y74	8	1075	282	1.29552%
75	DR	7	105	Y75	8	1075	282	1.29552%
76	D	8	103	Y76	8	1075	282	1.29552%
77	DR	8	77	Y77	8	1075	282	1.29552%
78	F	8	T76, 81	Y78	9	1578	246	1.90172%
79	FR	8	T78, 82C	Y79	9	1578	246	1.90172%
80	FE	8	T79, 83C	Y80	9	1638	246	1.97402%

NOTE: All parking stalls beginning with the letter "T" are tandem stalls.

All other parking stalls are non-tandem stalls.

All parking stalls ending with the letter "C" are compact size stalls.

All other parking stalls are regular size.

Parking stall no. 110 is reserved for the exclusive use of the Developer and/or the owner or owners from time to time of all or any portion of the land described in Exhibit "C" of this Declaration.

Initial purchasers of Type B, Type BR, Type C, Type CR, Type F, Type FR and Type FE apartments have certain options to modify their floor plans in the manner described in this Declaration. In the event that the floor plans are modified pursuant to exercise of such options, the number of rooms in the various apartment types will remain the same except as follows: Type F - 10; Type FR - 10; and Type FE - 10.

EXHIBIT "C"

PHASE II

That certain parcel of land situate at Maunaloa, City and County of Honolulu, State of Hawaii, more particularly described as Lot 1-B of "LALEA AT HAWAII KAI", as shown on File Plan 2179, filed in the Bureau of Conveyances of the State of Hawaii, area 5.899 acres, more or less.

ADDITIONAL PHASES

That certain parcel of land situate at Maunaloa, City and County of Honolulu, State of Hawaii, more particularly described as Lot 1-C of "LALEA AT HAWAII KAI", as shown on File Plan 2179, filed in the Bureau of Conveyances of the State of Hawaii, area 3.944 acres, more or less.

That certain parcel of land situate at Maunaloa, City and County of Honolulu, State of Hawaii, more particularly described as Lot 1-D of "LALEA AT HAWAII KAI", as shown on File Plan 2179, filed in the Bureau of Conveyances of the State of Hawaii, area 5.512 acres, more or less.

NOT FOR REAL ESTATE TRANSACTIONS

DECLARATION CHECKLIST

PROJECT NAME LALEA AT HAWAII KAI - PHASE I

REGISTRATION NO. \_\_\_\_\_  
(For Office Use Only)

Page No., Section

- p.2, §B 1. Description of the land whether [ ] fee simple or [ ] leasehold
- pp.2-3, §C 2. Description of the building(s).
- p.2, §C a. Number of buildings.
- p.2, §C b. Number of stories.
- p.2, §C c. Number of basements.
- p.3, §D.1 d. Number of apartments.
- pp.2-3, §C e. Principal materials of construction.
- pp.3-5, §D.1 3. Description of the apartments.
- pp.3-5, §D.1 a. Apartment number of each apartment.
- pp.3-5, §D.1 b. Location of each apartment.
- pp.3-5, §D.1 c. Approximate area of each apartment.
- pp.3-5, §D.1 d. Number of rooms of each apartment.
- pp.3-5, §D.1 e. Immediate common element to which each apartment has access.
- p.6, §D.3(a) f. Designated parking stall if considered a limited common element.
- pp.3-7, §D g. Other data necessary for proper identification of the apartments.
- pp.3-5, §D.1 h. Net living area of enclosed portion of apartment to be measured from interior surface of apartment perimeter walls. Lanai or patio areas considered as part of apartment to be computed and reported separately from the apartment area.
- pp.5-6, §I.2 4. Description of common elements.
- pp.6-7, §D.3 5. Description of limited common elements and apartments to which reserved.
- p.7, §E 6. The percentage of undivided interest in common elements appertaining to each apartment and its owner for all purposes, including voting.
- pp.13-15, §H 7. Statement of purposes for which the building(s) and each apartment are intended and restricted as to use.
- pp.18-19, §J 8. The name of a person authorized to receive service of process with address of residence or place of business in the county or city in which property is located.

- p.31, §N 9. Provision as to the percentage of votes by the apartment owners which shall be determinative of whether to rebuild, repair or restore the property in the event of damage or destruction to all or part of the project.
- pp.38-40, §T 10. The method by which the declaration may be amended, provided that an amendment to the declaration shall require a vote or written consent of all apartment owners, except for projects with five or less apartments, which may require more than 75% of all apartment owners.
- pp.7-13, §F  
pp.33-35, §R 11. Description of any additions, deletions, modifications and reservations as to the property.
- pp.35-38, §S 12. Any provision concerning the merger or addition of later phases of the project.
- N/A 13. In the case of a project which includes one or more existing structures being converted to condominium status, a statement that the project is in compliance with all zoning and building ordinances and codes applicable to the project.
- N/A 14. If applicable, in the case of a project which includes one or more existing structures being converted to condominium status, a statement of whether any variance has been granted from any ordinance or code to achieve such compliance and whether, as a result of the adoption or amendment of any ordinance or code, the project presently contains any legal non-conforming uses or structures.