

EWA OCEANSIDE
(Applies to Apartments 10, 11, 12, and/or 13)

Apartment No. _____

Date of Sales Contract: _____

ADDENDUM TO
DEPOSIT RECEIPT, RESERVATION AND SALES AGREEMENT

This Addendum to Deposit Receipt, Reservation and Sales Agreement (this "Addendum") amends, supplements, and shall be considered part of that certain Deposit Receipt, Reservation and Sales Agreement dated as set forth above, as it may have been previously amended (the "Agreement", which includes this Addendum), by and between Smith/Foti Development Limited Partnership, a Hawaii limited partnership ("Seller"), and _____ ("Buyer"), relating to the sale and purchase of the above-referenced apartment (the "Apartment") at the Ewa Oceanside condominium project (the "Project").

By this Addendum, Buyer acknowledges and agrees that, in addition to the general items of disclosure and discussion set forth in the Project's Final Condominium Public Report ("Public Report") that apply to most, if not all, of the other apartments in the Project, there are a number of disclosure items that apply specifically to Apartments 10, 11, 12, and/or 13.

By this Addendum, Buyer also acknowledges and agrees that, while it is important that Buyer read and understand the entire Public Report carefully and that Buyer will, in fact, read and understand the entire Public Report carefully, Buyer acknowledges that there are issues that pertain to the Apartment that may not pertain to other apartments in the Project. For example, Buyer acknowledges that Buyer has read and understands the following items from the Public Report:

1. Item 21, beginning on page 2b of the Public Report, relating to utilities:

"Utilities for Apartments 10 through 13. Water and sewer lines have been stubbed to the edge of the limited common element Yard Area for Apartments 10, 11, 12 and 13, but have not been connected to any of the improvements for those Apartments. The buyers of each of those Apartments will be responsible, at their respective expense, for connecting the stubbed-out water and sewer lines to the improvements comprising their respective Apartments. Further, electric and telephone service is available for Apartments 10, 11, 12, and 13 through the appropriate service providers. The buyers of each of those Apartments will be responsible, at their respective expense, for getting any permits required to obtain utility services and for paying for the connection of utilities to their Apartments. Apartments 10, 11, 12 and 13 cannot be used for residential purposes until those connections are completed and made. A very rough estimate of what it might cost to have those utilities connected is \$5,000 per Apartment. It is important to note that that figure is an estimate, that costs are likely to increase over time and that the Developer makes no representations or warranties regarding such costs."

2. Item 22, on page 2b of the Public Report, relating to "re-posting" permits:

"Re-posting" Permits for Apartments 10, 12, and 13. See the Additional Information section beginning on page 20 of this Public Report for information relating to the

Developer's decision not to make all of the upgrades to Apartments 10, 12, and 13 that are called for in "re-posting" permits that were obtained from the City for each of those Apartments."

3. Item IV.C, on page 17a of the Public Report; relating to utilities:

"C. Utility Charges for Apartments:

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

None Electricity (___ Common Elements only ___ Common Elements & Apartments)
 Gas (___ Common Elements only ___ Common Elements & Apartments)
 Water* Sewer* Television Cable
 Other Private refuse collection**

*Water and sewer lines have been stubbed to the edge of the limited common element Yard Area for Apartments 10, 11, 12 and 13, but have not been connected to any of the improvements for those Apartments. The buyers of each of those Apartments will be responsible, at their respective expense, for connecting the stubbed-out water and sewer lines to the improvements comprising their respective Apartments. Further, electric and telephone service is available for Apartments 10, 11, 12, and 13 through the appropriate service providers. The buyers of each of those Apartments will be responsible, at their respective expense, for getting any permits required to obtain utility services and for paying for the connection of utilities to their Apartments. Apartments 10, 11, 12 and 13 cannot be used for residential purposes until those connections are completed and made. See the Additional Information section beginning on Page 20 of this Report for more information on utility hookups for the Apartments.

**See the Additional Information section beginning on Page 20 of this Report for more information on private refuse collection for the Apartments."

4. Item 21, on page 20d of the Public Report; relating to utilities:

"UTILITIES FOR APARTMENTS 10, 11, 12 AND 13 Water and sewer lines have been stubbed to the edge of the limited common element Yard Area for Apartments 10, 11, 12 and 13, but have not been connected to any of the improvements for those Apartments. The buyers of each of those Apartments will be responsible, at their respective expense, for connecting the stubbed-out water and sewer lines to the improvements comprising their respective Apartments. Further, electric and telephone service is available for Apartments 10, 11, 12, and 13 through the appropriate service providers. The buyers of each of those Apartments will be responsible, at their respective expense, for getting any permits required to obtain utility services and for paying for the connection of utilities to their Apartments. Apartments 10, 11, 12 and 13 cannot be used for residential purposes until those connections are completed and made. A very rough estimate of what it might cost to have those utilities connected is \$5,000 per Apartment. It is important to note that that figure is an estimate, that costs are likely to increase over time and that the Developer makes no representations or warranties regarding such costs."

5. Item 22(b), on page 20d of the Public Report, relating to water and sewer lines and sewer pumps:

"(b) Apartments 10 through 13.

1. Water and Sewer Lines. With respect to Apartments 10 through 13, inclusive, the Developer shall stub out water and sewer lines (from the main lines within the common element roadway) to the boundary of the common element roadway with the respective Yard Areas of those Apartments. The Developer is not and shall not be responsible for construction, connection, maintenance, repair or replacement of any water or sewer lines within the Yard Areas or Apartments of Apartments 10 through 13.
2. Sewer Pumps. The owners of Apartments 10, 11, 12 and 13 may each need to purchase and install their own holding tank and sewer pump, which may be needed to store and pump sewage from the respective Apartments to the sewer line within the common element roadway. The sewer pump for each of those apartments must be located within the respective limited common element yard areas of the apartments (not within the common elements of the project) and would be owned by the respective apartment owners. As such, the pumps would be limited common elements appurtenant to the respective apartments and the owners of apartments 10 through 13 would be fully responsible for maintaining and repairing (in addition to installing and connecting) the pumps. The buyers of Apartments 11 through 13 are encouraged to contact an engineer and any other consultant they may deem necessary to help them investigate the necessity, cost, availability and specifications for such equipment."

6. Item 25, on page 20e of the Public Report, relating to trees on the boundary of the limited common element yard area:

"TREES ON BOUNDARY OF APARTMENT 11'S YARD AREA. Two palm trees are located on the boundary between the limited common element Yard Area of Apartment 11 and the common element pathway to the beach. The trees are considered common elements of the Project and the Association of Apartment Owners will be responsible for maintenance of the trees."

7. Item 27, on page 20e of the Public Report, relating to "re-posting" permits;

"RE-POSTING" PERMITS FOR APARTMENTS 10, 12, AND 13.

In connection with its work on the Project, the developer obtained "re-posting" permits from the City for certain of the Apartments in the Project. (Re-posting permits allow buildings to be moved from their foundations to new locations. The re-posting permits are unrelated to the Project's Existing Use Permit and Special Management Area Permit.)

Except with respect to some of the conditions of the re-posting permits for Apartments 10, 12, and 13, all of the conditions for all of the re-posting permits have been satisfied. The re-posting permits for Apartments 10, 12, and 13 require that certain upgrades be made to those existing structures. Those upgrades include, without

limitation, adding double-wall construction to increase the shear of the respective Apartments. Because the physical condition of each of those three Apartment structures is poor, because each of those Apartment structures is in need of substantial repair and reconstruction, because the value of the structures is low in relation to the value of the underlying limited common element yard area, and because buyers of those Apartments are likely to demolish the structures and build new structures anyway, the developer has determined that it would be a waste of resources to complete the upgrades to Apartments 10, 12, and 13. As such, the upgrades to Apartments 10, 12, and 13 called for in the re-posting permits for those Apartments WILL NOT BE DONE.

Buyers of Apartments 10, 12, and 13 will have the option of either making the upgrades called for in the re-posting permits, at their own expense, or demolishing the existing structure and building another structure, all at their own expense. Those buyers who choose to make the upgrades can ask the developer for a copy of the re-posting permit relevant to their Apartment. (The permit for Apartment 10 is dated February 15, 2006 and is identified as no. 592394. The permit for Apartment 12 is dated February 15, 2006 and is identified as no. 592395. The permit for Apartment 13 is dated February 15, 2006 and is identified as no. 592396.) A very rough estimate of what it might cost to make the upgrades required by the re-posting permit is \$15,000 per Apartment. It is important to note that that figure is an estimate, that costs are likely to increase over time and that the Developer makes no representations or warranties regarding such costs.

For those buyers who choose to demolish their Apartment and build a new structure, the re-posting permit will not be relevant."

[The remainder of this page is blank.]

Except as modified by this Addendum and all other prior addenda, the terms and conditions of the Agreement shall remain in full force and effect.

ACCEPTED BY BUYER(S):

Signature

Date

Print Name

Signature

Date

Print Name

ACCEPTED BY SELLER:

SMITH/FOTI DEVELOPMENT LIMITED
PARTNERSHIP, a Hawaii limited partnership

Date of signing and acceptance by Seller

By Smith/Foti Development, Inc.
Its General Partner

By _____
Name:
Title: