

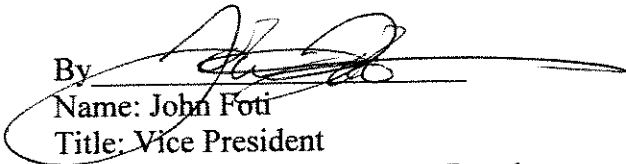
EWA OCEANSIDE
DEVELOPER'S STATEMENT REGARDING CONDITION OF IMPROVEMENTS
(Pursuant to HRS 514A-40(b) and 61 (b))

The undersigned, developer of the Ewa Oceanside condominium project (the "Project"), hereby states the following:

1. Based on a General Condition Report dated January 25, 2006 (the "Report"), prepared by Hawaii Architects' Jim Matichuk, an independent architect and civil engineer, the present condition of all structural components is that they appear safe and that the mechanical and electrical installations material to the use and enjoyment of the Project are in working condition, but require some repair work.
2. According to the Report, based on the age of the structures and general overall condition of the buildings, they are in poor condition and the buildings (including structural components) and the building systems (including the plumbing and electrical installations) are in need of updating.
3. No representations are made and no warranties, express or implied, are given as to the expected useful life of the existing structural components and mechanical and electrical installations material to the use and enjoyment of the Project.
4. The developer is not aware of any outstanding notices of uncured violations of building code or other municipal regulations.
5. The existence of the 23 single-family dwelling buildings on a single legal parcel is a legal non-conforming use, because current zoning laws only allow two single-family dwelling buildings on a single parcel. Pursuant to Existing Use Permit No. 2004/EU-11 issued by the Department of Planning and Permitting of the City & County of Honolulu on July 19, 2004, the 23 buildings and their uses are permitted. Due to the age of the buildings, it is likely that they were built under building codes and ordinances that are no longer in effect, making them non-conforming structures. Otherwise, the developer is not aware of any other non-conforming conditions affecting the Project.

Smith Foti Development Limited Partnership,
a Hawaii limited partnership

By Smith/Foti Development, Inc.
Its General Partner

By 
Name: John Foti
Title: Vice President

Date: 4/12/06 Developer