



OLD REPUBLIC TITLE & ESCROW OF HAWAII

733 Bishop Street, Suite 2700 • Honolulu, HI • 96813 • (808) 566-0100 • Fax: (808) 566-0227

PRELIMINARY REPORT

Issued for the sole use of:

OLD REPUBLIC TITLE & ESCROW OF HAWAII
733 BISHOP STREET, #2700
HONOLULU, HI 96813

Attention: FLORITA C. ESCARIO

UPDATE - I

Our Order Number 6811004366-FE

When Replying Please Contact:

Foy Escario
(808) 566-0100

Property Address:

"EWA OCEANSIDE", 91-069 Fort Weaver Road, Ewa Beach, HI 96706

In response to the above referenced application for a policy of title insurance, OLD REPUBLIC TITLE & ESCROW OF HAWAII hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, conditions and Stipulations of said policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in Exhibit A attached. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered. It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of March 31, 2006, at 8:00 AM

OLD REPUBLIC TITLE & ESCROW OF HAWAII

For Exceptions Shown or Referred to, See Attached

OLD REPUBLIC TITLE & ESCROW OF HAWAII
ORDER NO. 6811004366-FE
UPDATE - I

The form of policy of title insurance contemplated by this report is:

A CLTA Standard Coverage Owner's Policy; AND An ALTA Loan Policy. A specific request should be made if another form or additional coverage is desired.

The estate or interest in the land hereinafter described or referred or covered by this Report is:

a FEE SIMPLE.

Title to said estate or interest at the date hereof is vested in:

EWA OCEANSIDE, LLC, a Hawaii limited liability company

The land referred to in this Report is situated in the State of Hawaii, and described as follows:

See Legal Description Exhibit.

OLD REPUBLIC TITLE & ESCROW OF HAWAII
ORDER NO. 6811004366-FE
UPDATE - I

At the date hereof exceptions to coverage in addition to the Exceptions and Exclusions in said policy form would be as follows:

1. Taxes and assessments, general and special, for the fiscal year 2005 - 2006, as follows:

Tax Map Key	:	1-9-1-005-011	
1st Installment	:	\$3,084.76	Marked Paid
2nd Installment	:	\$3,084.75	Marked Paid
Cost	:	\$1,645,200.00	
Land	:	\$1,030,900.00	
Imp. Value	:	\$614,300.00	
Exemption	:	\$0.00	

2. As to the portion of the land herein described bordering on the ocean:

The effect of Sections 205A-41 to 205A-49, inclusive, Hawaii Revised Statutes, as now or hereafter amended, pertaining to shoreline setbacks.

Any adverse claim of the State of Hawaii based upon the contention that some portion of the land hereinafter described lies seaward of the line of vegetation, pursuant to the ruling of County vs. Sotomura (1973) 55 H. 176, 517 P. 2d 57.

3. Agreement for : WALL AND LICENSE
Executed By : U. YAMANE, LIMITED, "Yamane"
and Between : MARIANIST PROVINCE OF THE UNITED STATES, "Marianist Province"

On the terms, covenants and conditions contained therein,

Dated : March 17, 2004
Recorded : March 31, 2004 in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3091036

Re: A hollow tile wall with a wooden fence on top ("Wall") that begins 0.7 feet within Lot 785 and begins to cross over the boundary at 86.7 feet and continues Northward for 81.6 feet into Lot 25-C and is wholly within Lot 25-C at the end of the Wall

4. Any unrecorded or unfiled leases and any liens, charges or exceptions against any lessees or tenants named therein.

OLD REPUBLIC TITLE & ESCROW OF HAWAII
ORDER NO. 6811004366-FE
UPDATE - I

5. Any rights, easements, interests or claims which may exist or arise by reason of or reflected by the facts shown on the plat of a survey made by KAZUTAKA SAIKI, Licensed Professional Land Surveyor, Certificate No. 740-S, on January 23rd, 2004, designated Job No. NONE, as follows:

A. Along the Northerly boundary bordering Fort Weaver Road, starting from the left, the chain link fence begins on the boundary but extends into Fort Weaver Road by 0.8 ft. at the end of 49.9 feet as shown on the sketch. On the East side of the entry road into Lot 785, there is a hollow tile wall fronting Fort Weaver Road that extends into said road by 0.9 ft. as shown. The next chain link fence to the right, begins on the property boundary but extends 1.3 feet into Fort Weaver Road at the Northeast corner of said Lot 785.

6. NOTE: Matters shown on a survey plat entitled "SKETCH MAP", dated January 23, 2004, prepared by KAZUTAKA SAIKI, Licensed Professional Land Surveyor, Certificate No. 740-S, Job No. NONE, as follows:

(A) Along the Easterly boundary bordering Ewa Beach Park, the chain link fence straddles or lies wholly within the park except as shown on Inset 1. The fence extends into said Lot 785 by a maximum of 0.5 feet.

FURTHER NOTE: The matters shown above would appear to fall within the definition of a "de minimus structure position discrepancy" pursuant to HRS Section 669-A, however, no assurance is provided regarding the accuracy of the survey nor the interpretation of said statute.

7. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument	:	GRANT OF EASEMENT
Granted To	:	HAWAIIAN ELECTRIC COMPANY, INC., a Hawaii corporation, and VERIZON HAWAII INC., a Hawaii corporation
For	:	A perpetual right and easement to construct, reconstruct, operate, maintain, access, repair and remove poles, guy wires, anchors, pullboxes, handholes, transformer vaults, overhead and/or underground wire lines and such other appliances and equipment as may be necessary for the transmission and distribution of electricity, etc.
Dated	:	October 23, 2004
Recorded	:	November 1, 2004 in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3186805

OLD REPUBLIC TITLE & ESCROW OF HAWAII
ORDER NO. 6811004366-FE
UPDATE - I

8. Mortgage to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof, with power of sale and assignment of rents.

Amount : \$2,941,147.00
Mortgagor : EWA OCEANSIDE, LLC, a Hawaii limited liability company
Mortgagee : MMI, LLC, a Hawaii limited liability company
Dated : November 3, 2004
Recorded : November 9, 2004 in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3190685

Old Republic Title and Escrow of Hawaii, Ltd. will require that a properly executed and valid Release of the Mortgage shown herein as exception no. 8 be recorded prior to or concurrently with any documents pertaining to the sale or mortgage of the property described herein unless said Mortgage is intended to be assumed.

9. Condominium Map No. 1691, filed in the Office of the Assistant Registrar of the Land Court, State of Hawaii.

10. Matters in an instrument that, among other things, contain or provide for easements, assessments, liens and their subordination; provisions relating to partition, restrictions on severability of component interest, covenants, conditions and restrictions, provision that no violation thereof and no enforcement of any lien provided for therein shall defeat or render invalid the lien of a mortgage or deed of trust made in good faith and for value, but omitting and covenants or restrictions if any, based upon race color, religion, sex, handicap, familial status, or national origin unless and only to the extent that said covenant (a) is exempt under Title 42, Section 3607 of the United States Code or (b) relates to handicap but does not discriminate against handicapped persons.

Entitled : Declaration of Condominium Property Regime
Recorded : January 21, 2005 in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3221021

Said Declaration was amended by the following instruments:

DATED:	RECORDED:	DOCUMENT NO.:
August 18, 2005	August 18, 2005	3315128
December 7, 2005	December 13, 2005	3366564

Liens and charges for upkeep and maintenance as provided in the above mentioned Covenants, Conditions and Restrictions, if any, where no notice thereof appears on record.

OLD REPUBLIC TITLE & ESCROW OF HAWAII
ORDER NO. 6811004366-FE
UPDATE - I

For information regarding the current status of said liens and/ or assessments
Contact : ASSOCIATION OF APARTMENT OWNERS OF EWA OCEANSIDE

11. By-Laws of the Association of Apartment Owners of EWA OCEANSIDE, recorded January 21, 2005 in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3221022.
12. NOTE: Prior to the issuance of any policy of title insurance, the Company will require the following with respect to EWA OCEANSIDE, LLC, a Hawaii Limited Liability Company:
1. A current certified copy of its Articles of Organization (Form LLC-1) from the office of the director of the State of Hawaii Department of Commerce and Consumer Affairs (DCCA director).
 2. A copy of any operating agreement and any amendments thereto, together with a current list of all members of said LLC.

The Company reserves the right to make additional exceptions and/or requirements upon review of the above.

----- **Informational Notes** -----

- A. NOTE: The last recorded transfer or agreement to transfer the land described herein is as follows:

DEED
Recorded : November 9, 2004 in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3190684
Grantor : MIKE MULLER, INC., a Hawaii corporation
Grantee : EWA OCEANSIDE, LLC, a Hawaii limited liability company

NOTE: According to the public records, there have been no deeds conveying the property described in this report recorded within a period of 24 months prior to the date hereof except as follows:

SEE ABOVE

- B. Short Term Rate ("STR") applies (but may be precluded or limited by application of the above shown section(s) of our Schedule of Fees and Charges.)

OLD REPUBLIC TITLE & ESCROW OF HAWAII
ORDER NO. 6811004366-FE
UPDATE - I

- C. Upon conveyance of any unit(s) by the owner, said unit(s) shall become subject to:
- (a) Terms, provisions and conditions as contained in the Apartment Deed and the effect of any failure to comply with such terms, provisions and conditions.
 - (b) Any and all easements encumbering the apartment herein mentioned, and/or the common interest appurtenant thereto, as created by or mentioned in said Declaration, as said Declaration may be amended from time to time in accordance with the law and/or in the Apartment Deed, and/or as delineated on said Condominium Map.

ORDER NO. : 6811004366-FE

LEGAL DESCRIPTION EXHIBIT

The land referred to in this Report is situated in the State of Hawaii, and described as follows:

All that certain parcel of land situate at Puuloa, District of Ewa, City and County of Honolulu, State of Hawaii, described as follows:

Lot 785, area 122,790.0 square feet, more or less, as shown on Map 53, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 242 (amended) of The Dowsett Company, Limited.

Being all the property described in the following:

DEED

Recorded : November 9, 2004 in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as Document No. 3190684

Grantor : MIKE MULLER, INC., a Hawaii corporation

Grantee : EWA OCEANSIDE, LLC, a Hawaii limited liability company

Being the property described in and covered by Transfer Certificate of Title No. 723,368.

**CALIFORNIA LAND TITLE ASSOCIATION
STANDARD COVERAGE POLICY - 1990
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.-

(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land which may be asserted by persons in possession thereof,
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

**AMERICAN LAND TITLE ASSOCIATION LOAN POLICY(10—17-92)
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10—17-92)
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters.
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer, or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

OLD REPUBLIC TITLE & ESCROW OF HAWAII

Privacy Policy Notice

PURPOSE OF THIS NOTICE

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of OLD REPUBLIC TITLE & ESCROW OF HAWAII

We may collect nonpublic personal information about you from the following sources:

- Information we receive from you such as on applications or other forms.
- Information about your transactions we secure from our files, or from [our affiliates or] others.
- Information we receive from a consumer reporting agency.
- Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties as permitted by law.

We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- Financial service providers such as companies engaged in banking, consumer finance, securities and insurance.
- Non-financial companies such as envelope stuffers and other fulfillment service providers.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.