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1 Recordation Requested By:  
 2 TITLE GUARANTY ESCROW SERVICES, INC.  
 235 Queen Street  
 Honolulu, Hawaii  
 3 After Recordation, Return To:  
 4 TITLE GUARANTY ESCROW SERVICES, INC.  
 235 Queen Street  
 Honolulu, Hawaii

77-16272

LIBER 12036 PC493  
 1977 FEB 25 AM 9:37

Chas. J. Neumann III  
 REGISTRAR

7 Return By: Mail  Pick-Up

8 Requestor To Fill Above

Space Above This Line For Registrar's Use

9 KANA'I A NALU

10 APARTMENT LEASE

11 Apartment No. 402

12 THIS INDENTURE made this December 1, 1976  
 13 by and between ROBERT P. BRUCE, Trustee, under Trust Deed dated  
 May 16, 1974, and recorded at Liber 9916, Page 362, whose post  
 14 office address is P. O. Box 3, Paia, Maui, Hawaii, 96779, and  
 HAWAIIAN TRUST COMPANY, LIMITED, Trustee under that certain trust  
 15 deed dated December 30, 1975, recorded at Liber 11642, Page 341,  
 whose post office address is P. O. Box 3170, Honolulu, Hawaii,  
 96802, hereinafter called "LESSOR", and

17 CARTER MORSE WILSON, husband of Breda Wilson, whose residence  
 and post office address is 50 Repulse Bay Road, Hong Kong,

21 hereinafter called "LESSEE",

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

23 1. Premises Leased.

24 Lessor, in consideration of the rent hereinafter reserved and  
 of the covenants by Lessee herein contained, hereby demises and  
 leases to Lessee, his heirs and assigns,

32 and Lessee hereby accepts and rents:

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 WAILUKU TOWNHOUSE BUILDING  
 WAILUKU, MAUI, HAWAII 96793  
 TELEPHONE (808) 244-9166

CERTIFICATE FILED

27 | 29

STATE OF HAWAII  
 CONVEYANCE  
 TAX...  
 42.45

1 All the premises comprising a portion of the KANA'I A NALU condo-  
 2 minium project (herein called the "Project"), consisting of that  
 3 certain parcel of land, TMK: 3-8-14-4 and 5, containing 112,876  
 4 square feet, more or less, and the improvements thereon,  
 5 situate at Maalaea, Maui, Hawaii, as described and established  
 6 by the Declaration of Horizontal Property Regime, recorded in  
 7 the Bureau of Conveyances, State of Hawaii, in Liber 11047,  
 8 Page 274, as amended by instrument recorded in Liber 11194,  
 9 Page 202 (hereinafter called the "Declaration"), described  
 10 as follows:

11 FIRST: The apartment of the project, the number of which is  
 12 noted on the first page hereof, as described in said  
 13 Declaration and as shown on Condominium Map No. 437.  
 14 TOGETHER with appurtenant nonexclusive easements  
 15 in the common elements designed for such purposes  
 16 for ingress to, egress from, utility services for,  
 17 and support of said apartments; and in the other  
 18 common elements for use according to their respec-  
 19 tive purposes; and in all other apartments of said  
 20 building for support.

21 SUBJECT to easements for encroachment of any part  
 22 of the common elements of the project now or  
 23 hereafter existing thereon and for entry as may  
 24 be necessary for the operation of the project or  
 25 for making repairs therein or the installation,  
 26 repair or replacement of any common elements as  
 27 provided in the Declaration.

28 SECOND: An undivided 1.25% interest in all common elements of  
 29 the project as established for said apartment by the  
 30 Declaration, or such other percentage or fractional  
 31 interest as may hereafter be established for said apart-  
 32 ment by any amendment of the Declaration, as tenant in  
 common with the other owners and tenants thereof,  
 subject to all easements appurtenant to any apartment  
 of the project and to all encumbrances, exceptions and  
 reservations noted in the Declaration and By-Laws and  
 reserving and subject to all easements required for  
 drainage, sewers and any utilities serving the project.

2. Term.  
 The term of this lease shall be 90 years, commencing on the date  
 hereof.

3. Rent.  
 Lessee shall pay to Lessor in advance on the first day of each  
 and every month during said term, net over and above all taxes,  
 assessments and other charges hereunder payable by Lessee, rent  
 as follows:

- (a) \$52 per month for and during the first 10 years of said term;
- (b) \$66 per month for and during the next 10 years of said term;
- (c) \$83 per month for and during the next 10 years of said term;
- (d) For each month during the next six successive 10 year periods  
 1/12 of Lessee's proportionate share of the net annual rent  
 for all of the apartments comprising the project as deter-  
 mined for each of said periods by written agreement of Lessor  
 and the Association of Apartment Owners (hereinafter called

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1 "Association") acting by and through its officers and direc-  
 2 tors, which is irrevocably appointed as Lessee's sole agent  
 3 to negotiate with Lessor to determine and agree upon the net  
 4 annual rental, or if they fail to reach such agreement at  
 at least 90 days prior to the commencement of any such period,  
 the net annual rent shall be the product of the land value  
 multiplied by the rate of return, each as hereinafter defined:

- 5 (1) The land value shall be the fair market value for the  
 6 land, exclusive of all improvements thereon, comprising  
 the site of the project.
- 7 (2) The rate of return shall be the prevailing rate of  
 8 return for similar Maui properties whose rate of  
 9 return has been determined by negotiation or appraisal  
 within the three years next preceding the beginning  
 of the period; provided, however, that the rate of  
 10 return shall be not less than 7.5%.

11 Both the land value and the rate of return shall be deter-  
 12 mined by appraisal as provided in §25. In no event shall  
 13 the net annual rent be less than the net annual rent payable  
 14 during the immediately preceding period. If the appraisers  
 15 shall render their decision after the commencement of the  
 16 period for which the rent is being determined, rent shall be  
 17 payable at the rate in effect for the previous period until  
 their decision is rendered but the new rental established by  
 the appraisal shall accrue from the commencement of the  
 period for which rent is being determined. The unpaid rent  
 shall bear interest at the rate of 7.5% per annum from the  
 date of commencement of the period. The interest shall be  
 paid with the first rental payment after the fixing of the  
 new rental.

- 18 (e) Extension of Fixed Rent. From time to time during the  
 19 regular term hereby demised, if the Lessee shall not then  
 20 be in default, Lessee shall have the right to extend the  
 21 period in which the rent is fixed to a term ending on the  
 22 next reopening date under §3 (d) which is closest to, but  
 23 not later than, 30 years from the beginning of the extended  
 24 fixed rental period. Extended rental period shall commence  
 on the first day of the calendar month following that in  
 which Lessee gives written notice thereof to Lessor. If the  
 unexpired term of the lease at the time of exercising said  
 right shall be less than 30 years, the extended fixed rental  
 period shall be the then unexpired term of the lease.

25 In every case of extension, the annual rent hereunder payable  
 26 for and during the extended fixed rental period shall be  
 determined as follows:

- 27 (1) The method for determining the annual rent for the  
 28 successive ten year terms as provided in §3(d) shall  
 29 be followed, insofar as applicable, except that the  
 30 expenses and fees, if any, shall be borne by the  
 31 Lessee, and the rental so determined shall be the  
 32 annual rental for the first ten years of the extended  
 fixed period; provided that the rent shall not be less  
 than the rent in effect immediately prior to the  
 extension.
- (2) Said rental, increased by 25%, shall be the annual rental  
 for the next ten years of said extended fixed rental  
 period.

1 (3) Said increased rental, increased by 25%, shall be the  
2 annual rental for the remaining years of said extended  
fixed rental period.

3 The annual rent for the first and last years of the extended  
4 fixed rental period shall be prorated to the beginning and  
ending dates of the extended fixed rental period.

5 §4. Excise Tax

6 In addition to the rent herein provided, the Lessee shall also  
7 pay over and reimburse unto the Lessor on each rental payment  
8 date during the term hereof that portion of the State excise or  
9 gross income tax assessed to the Lessor and attributable to the  
10 amounts paid to the Lessor under the terms of this lease, and  
11 Lessee will also pay all and any other taxes or duties levied  
12 or assessed by the State of Hawaii, the County of Maui, or any  
13 other political subdivision of the State of Hawaii now or here-  
14 after having power to levy taxes or duties, which are attributable  
to the rent paid to the Lessor under the terms of this lease. It  
is the intent of this provision and of the other provisions of  
this lease to insure that the rent herein provided to be paid to  
Lessor by Lessee will be received by Lessor without diminution by  
any tax, assessment, charge or levy of any nature whatever, except  
United States and State net income taxes, and the terms and  
conditions of this lease, shall be liberally construed to effect  
such purpose.

15 §5. Quiet Enjoyment.

16 Lessor hereby covenants with Lessee that upon payment of the  
17 rent as aforesaid, and upon the observance and performance of the  
18 covenants by Lessee herein contained, Lessee shall peaceably hold  
and enjoy said premises for the term hereby demised without  
hindrance or interruption by Lessor or any other person or  
persons lawfully claiming by, through or under it except as herein  
expressly provided.

19 §6. Payment of Rent.

20 Lessee will pay or cause to be paid said rent in lawful money of  
21 the United States of America at the times and in the manner afore-  
22 said, without any deduction and without any notice or demand at  
the office of the managing agent of the Association who shall be  
responsible for collecting the rents from all apartment units and  
transmitting the same to the Lessor.

23 §7. Taxes and Assessments.

24 Lessee shall pay or cause to be paid to Lessor at least 10 days  
25 before the same become delinquent all real property taxes and  
26 assessments of every description to which said premises, or  
Lessor or Lessee in respect thereof, are now or may during said  
27 term be assessed or become liable, whether assessed to or payable  
28 by Lessor or Lessee, except that such taxes shall be prorated  
29 as of the dates of commencement and expiration, respectively,  
of said term; provided, however, that with respect to any assess-  
ment made under any betterment or improvement law which may be  
payable in installments, Lessee shall be required to pay only  
such installments together with interest as shall become due  
and payable during said term.

30 §8. Rates and Other Charges.

31 Lessee shall pay before the same become delinquent, all assess-  
32 ments for his proportionate share of the common expenses of the  
project and all charges, duties, rates and other outgoings of  
every description to which said apartment or Lessor or Lessee in

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1 respect thereof may during said term be assessed or become liable,  
 2 whether made by governmental authority or any public or community  
 3 service company or by the Association of the project pursuant to  
 the Declaration and whether assessed to or payable by Lessor or  
 Lessee.

4 §9. Improvements Required by Law.

5 During the whole of said term Lessee, at his proportionate share  
 6 of the expenses by the Association, shall make, build, maintain,  
 7 and repair all fences, sewers, drains, curbs, roads, sidewalks  
 and parking area 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.

8 §10. Observance of Laws.

9 At all times during said term Lessee shall keep said apartment,  
 10 and by the Association keep all other common elements of the  
 11 project, in a strictly clean and sanitary condition, and will  
 12 observe and perform all laws, ordinances, rules and regulations  
 13 now or hereafter made by any governmental authority and all  
 14 by-laws, rules, regulations, agreements, decisions and deter-  
 15 minations duly made by the Association for the time being appli-  
 cable to the project or the use thereof and all restrictions,  
 covenants, conditions and provisions of the Declaration and any  
 amendments thereof duly made affecting the project, and shall  
 indemnify Lessor against all actions, suits, damages and claims  
 by whomsoever brought or made by reason of the nonobservance  
 or nonperformance thereof by Lessee or any person under him.

16 §11. Repair and Maintenance.

17 Lessee, from time to time and at all times during said term at  
 18 his own expense, shall well and substantially repair, maintain,  
 19 amend and keep said apartment and at his proportionate share  
 20 of the expenses by the Association shall well and substantially  
 21 repair, maintain, amend and keep all common elements of the  
 22 project including without limitation the buildings, seawalls  
 23 and landscaping thereof, with all necessary reparations and  
 amendments whatsoever in good order and condition except as  
 otherwise provided herein, and at his proportionate share of  
 the expense by the Association 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 cultiva-  
 tion and replant the same as may be necessary.

24 §12. Inspection.

25 Lessee shall permit Lessor and their agents at all reasonable  
 26 times during said term to enter said premises and examine the  
 27 state of repair and condition thereof, and shall at his own  
 28 expense repair and make good all defects in said apartment and  
 at his proportionate share of the expense by the Association  
 repair and make good all defects in the common elements of the  
 Project herein required to be repaired, of which notice shall be  
 given by Lessor or its agents, within 30 days after the giving  
 of such notice.

29 §13. Use.

30 Lessee may use and allow the use of the premises for residential  
 31 purposes and for such other uses as may be permitted under the  
 32 zoning ordinances, subject to such limitations and conditions  
 as are set forth in the Declaration, By-Laws and House Rules.

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1 §14. Bond.

2 Lessee, before commencing construction or repair of any improve-  
 3 ment on the project individually or by the Association, if re-  
 4 quired by Lessor, shall deposit with Lessor a bond or certificate  
 5 thereof naming Lessor as an obligee, in a penal sum of 100% of  
 the cost of such construction and with a corporate surety  
 authorized to do business in Hawaii, guaranteeing the completion  
 of such construction free and clear of all mechanics' and  
 materialmen's liens.

6 §15. Insurance.

7 Lessee, at his proportionate share of the expense by the Associa-  
 8 tion at all times during said term, shall keep all buildings of  
 the project insured against loss or damage by fire with extended  
 9 coverage, and war and flood risk insurance when the same is  
 issued or subsidized by the United States Government, in an  
 insurance company licensed to do business in Hawaii, approved by  
 Lessor, in an amount as near as practicable to the full replace-  
 10 ment cost thereof without deduction for depreciation, by blanket  
 policy or policies written in accordance with the Declaration in  
 11 the name of the Board of Directors of the Association as trustee  
 for all apartment owners, Lessor and mortgagees according to the  
 12 loss or damages to their respective apartments and appurtenant  
 common interest and payable in case of loss to the Board of  
 13 Directors of the Association for the custody and disposition as  
 herein provided of all proceeds of such insurance, and from time  
 14 to time upon receipt thereof cause to be deposited promptly with  
 Lessor true copies of such insurance policies or current certifi-  
 15 cates thereof, without prejudice to the right of Lessee to insure  
 said apartment for his own benefit. In every case of such loss  
 16 or damage all insurance proceeds shall be used as soon as reason-  
 ably possible by the Association for rebuilding, repairing or  
 17 otherwise reinstating said buildings in a good and substantial  
 manner according to the original plan and elevation thereof or  
 18 such modified plans conforming to laws and ordinances then in  
 effect as shall be first approved as provided in this lease and  
 19 the Declaration, and Lessee will at his proportionate share of  
 the expense by the Association make up any deficiency in such  
 20 insurance proceeds.

21 §16. Lessor's Costs and Expenses.

22 Lessee shall pay to Lessor on demand all costs and expenses  
 including reasonable attorneys' fees incurred by Lessor in  
 23 enforcing any of the covenants herein contained, in remedying  
 any breach by Lessee of said covenants, in recovering possession  
 of the premises, in collecting any delinquent rent, taxes and  
 24 other charges hereunder payable by Lessee, or in connection with  
 any litigation (other than condemnation proceedings) commenced  
 25 by or against Lessee to which Lessor without any fault on its  
 part shall be made a party.

26 §17. Indemnity.

27 Lessee shall indemnify and hold Lessor harmless against all claims  
 and demands for loss or damage, including property damage, per-  
 28 sonal injury and wrongful death, arising out of or in connection  
 with the use or occupancy of said apartment or the project by  
 Lessee or any person claiming by, through or under Lessee, or any  
 29 accident or fire in said apartment or any nuisance made or  
 suffered therein, or any failure by Lessee to keep said apartment  
 30 in a safe condition, or any other liability whatsoever on account  
 of said apartment or appurtenant common interest for such loss  
 31 or damage arising out of or in connection with any common elements  
 of the project, and shall reimburse Lessor for their costs and  
 32

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1 expenses including reasonable attorneys' fees incurred in connec-  
 2 tion with the defense of any such claims. Lessee shall hold all  
 3 goods, materials, furniture, fixtures, equipment, machinery, and  
 4 other property whatsoever within said apartment or project at the  
 sole risk of Lessee and hold Lessor harmless for any loss or  
 damage thereto by any cause whatsoever.

5 §18. Liability Insurance.

6 Lessee, at his proportionate share of the expense by the Associa-  
 7 tion, shall effect and maintain during the whole of said term,  
 8 comprehensive general liability insurance with respect to said  
 9 premises in an insurance company licensed to do business in the  
 10 State of Hawaii, approved by the Lessor, in the joint names of  
 11 Lessor and Lessee, with reasonable minimum limits reset by mutual  
 12 agreement of the parties hereto not less frequently than every  
 13 ten years during the term hereof, based on acceptable minimum  
 14 limits used for similar properties at the time of such resetting,  
 15 but initially not less than \$300,000 for injury to one person and  
 16 \$1,000,000 for injury to more than one person in any one accident  
 17 or occurrence and \$100,000 for property damage, and from time to  
 18 time upon receipt thereof cause to be deposited promptly with  
 19 Lessor certificates of such insurance, without prejudice to the  
 20 right of Lessee to maintain additional liability insurance for  
 said apartment.

21 §19. Construction of Improvements.

22 Lessee, either individually or by the Association, shall not  
 23 erect or place on the project any building or structure including  
 24 fences and walls, nor make any additions or structural alterations  
 25 to or exterior changes of any common elements of the project, nor  
 26 place or maintain thereon any signs, posters or bills whatsoever,  
 27 except in accordance with plans and specifications including de-  
 28 tailed plot plan, prepared by a licensed architect if so required  
 29 by Lessor, first approved in writing by Lessor and the Board of  
 30 Directors of the Association and also approved by a majority of  
 31 apartment owners (or such larger percentage required by law or  
 32 the Declaration) including all owners of apartments thereby  
 directly affected.

§20. Waste and Unlawful Use.

Lessee shall not make or suffer individually or by the Association  
 any strip or waste or unlawful, improper or offensive use of said  
 apartment or project.

§21. Liens.

Lessee shall not commit or suffer any act of neglect whereby said  
 premises or any improvement thereon or the estate of Lessee there-  
 in shall at any time during said term become subject to any  
 attachment, judgment, lien, charge, or encumbrance whatsoever,  
 other than any authorized mortgages, and shall indemnify and  
 hold Lessor harmless from all loss, cost and expense with respect  
 thereto. Lessee shall indemnify and hold Lessor harmless against  
 all liens, charges and encumbrances and all expenses in connection  
 therewith including attorneys' fees, with respect to said premises  
 which may result from any act or neglect of Lessee.

§22. Assignment and Subletting.

Lessee, without the consent of Lessor, may sell, assign, or sublet  
 this lease by instrument containing the written undertaking of the  
 purchaser, assignee or sublessee to perform all obligations of  
 Lessee hereunder, provided, however, a true copy of such instru-  
 ment shall be furnished the Lessor, and on further condition that  
 the assignor not be relieved of any of his obligations hereunder.

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1 §23. Managing Agent.

2 Lessee, at his proportionate share of the expense, shall cause the  
 3 Association to appoint, subject to written approval of Lessor, and  
 4 at all times maintain a responsible managing agent of the project  
 5 for the direct management and operation thereof, maintenance and  
 6 repair of the common elements and collection, custody and payment  
 7 for Lessee and all other Lessees of the project of all rents  
 payable, taxes, assessments, common expenses and other charges  
 hereunder payable by Lessee in accordance with the Declaration and  
 By-Laws of the Association, provided that notwithstanding such  
 agency Lessee shall at all times remain liable directly to Lessor  
 for the performance of all his obligations hereunder.

8 §24. Surrender.

9 At the end of said term or other sooner determination of this  
 10 lease, Lessee shall peaceably deliver up to Lessor possession of  
 11 said premises, together with all improvements upon or belonging  
 to the same by whomsoever made, in good repair, order and condi-  
 tion except for reasonable wear and tear and as otherwise  
 expressly provided herein.

12 §25. Appraisal.

13 Whenever this lease provides that the land value and rate of  
 14 return shall be determined by appraisal for computation of any  
 15 rent hereunder, said value and rate shall be determined by three  
 16 impartial real estate appraisers, one to be appointed by the  
 17 Lessor and one to be appointed by the Association, each giving  
 18 written notice thereof to the other. In case of failure of  
 19 either to do so within ten days after notice by the other, the  
 20 party naming the first appraiser may apply to any person then  
 21 sitting as judge of the Circuit Court of the Second Circuit  
 22 of the State of Hawaii for appointment of a second appraiser.  
 The two appraisers thus appointed in either manner shall appoint  
 a third appraiser. In case of their failure to do so within  
 ten days after appointment of the second appraiser, either party  
 may have the third appraiser appointed by said judge. The three  
 appraisers so appointed shall proceed to determine the matters  
 in question, and the decision of said appraisers or a majority  
 of them shall be final, conclusive and binding on both parties  
 hereto. Lessor and Association shall each pay one-half of all  
 proper costs and expenses of the appraisal, except that each  
 shall pay its own appraiser's and attorney's fees.

23 §26. Condemnation.

24 In case at any time or times during said term said apartment or  
 25 project or any part thereof shall be taken or condemned by any  
 26 authority having the power of eminent domain, then and in every  
 27 such case the estate and interest of Lessee in all land and im-  
 28 provements so taken or condemned shall at once cease and determine,  
 29 and Lessee shall not by reason of such taking or condemnation be  
 30 entitled to any claim against Lessor or others for compensation  
 31 or indemnity for leasehold interest, and all compensation and  
 32 damages for or on account of any land shall be payable to and be  
 the sole property of the Lessor, and all compensation and damages  
 for or on account of any improvements of the project shall be  
 payable to such bank or trust company authorized to do business  
 in Hawaii as the Board of Directors of the Association shall  
 designate as trustee for Lessor and all apartment owners and  
 mortgagees 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 such improvements on the remaining land according to  
 plans therefor first approved as provided in this lease and the

1 Declaration unless such restoration or replacement is impractical  
 2 in the circumstances; provided, however, that in case (i) only  
 3 part of the project shall be so taken or condemned thereby  
 4 rendering the remaining land and improvements unsuitable for the  
 5 multifamily residential purposes of the project, and the Associa-  
 6 tion shall remove all remains of buildings and restore said land  
 7 to good orderly condition and even grade and cause all subsisting  
 8 leases of other apartments of the project to be surrendered to  
 9 Lessor, or (ii) all or only part of said apartment shall be so  
 10 taken or condemned thereby rendering any remaining part thereof  
 11 unsuitable for residential purposes, and the Association shall  
 12 remove all remains of such apartment and restore the remaining  
 13 common elements to good orderly condition and by amendment of the  
 14 Declaration cause the remaining part of the project to be recon-  
 15 stituted as a new or amended horizontal property regime without  
 16 said apartment, Lessee in either case may surrender this lease  
 17 and thereby be relieved of any further obligations hereunder  
 18 subject to the payment to Lessor of all rent then accrued and  
 19 taxes hereunder payable for the full current year, and upon such  
 20 surrender Lessee and any mortgagee of this lease shall be entitled  
 21 to the remaining sum of all compensation and damages payable for  
 22 or on account of said apartment and appurtenant common interest  
 23 in any improvements of the project, as provided in the next  
 24 sentence, together with any other funds payable on account of  
 25 said apartment pursuant to the Declaration. All compensation and  
 26 damages for or on account of any building or other improvements  
 27 of the project so taken or condemned and not used for repair,  
 28 rebuilding and restoration, shall be divided between Lessor and  
 29 all Lessees of apartments so damaged, the share of Lessor of such  
 30 compensation and damages to be the same proportion as the expired  
 31 portion of the demised term at the time possession is taken by  
 32 the condemning authority bears to the entire original demised  
 term of this lease, and the Lessee's and any mortgagee's share  
 being the balance of such compensation and damages. Condemnation  
 of any leasehold interest in the project shall not terminate this  
 lease nor excuse Lessee from full performance of its covenants  
 hereunder for the payment of money or other obligations hereunder  
 capable of performance by Lessee, but in such case Lessee may  
 claim and recover from the condemning authority all compensation  
 and damages payable on account of Lessee's leasehold interest.

§27. Uninsured Casualty.

22 In case at any time during said term the buildings of the project  
 23 shall be substantially damaged or destroyed by any casualty not  
 24 herein required to be insured against, and the Association shall  
 25 remove all remains of buildings and restore said land to good  
 26 orderly condition and even grade and cause all subsisting leases  
 27 of other apartments of the project to be surrendered to Lessor,  
 28 Lessee may surrender this lease and thereby be relieved of any  
 29 further obligations hereunder subject to the payment to Lessor  
 30 of all rent then accrued and taxes hereunder payable for the full  
 31 current year.

§28. Consent to Mortgage.

28 From time to time, without further consent, Lessee may assign  
 29 this lease by way of mortgage to any bank, insurance company  
 30 or other established lending institution as mortgagee, and the  
 31 mortgagee may enforce such mortgage and acquire title to the  
 32 leasehold estate in any lawful way, and pending foreclosure of  
 such mortgage may take possession of and rent said premises,  
 and upon foreclosure thereof may sell and assign the leasehold  
 estate by assignment containing the written undertaking of the  
 assignee to perform all obligations of Lessee hereunder, provided

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1 that upon execution of any such assignment or mortgage, a true  
 2 copy thereof shall be delivered promptly to Lessor. Any person  
 3 acquiring the leasehold estate in consideration of the extinguish-  
 4 ment of the debt secured by such mortgage or through foreclosure  
 5 sale, judicial or otherwise, shall be liable to perform the obli-  
 6 gations imposed on Lessee by this lease only during the period  
 7 that such person has possession or ownership of the leasehold  
 8 estate. Nothing contained in such mortgage shall release or be  
 9 deemed to relieve Lessee from the full and faithful observance  
 10 and performance of its covenants herein contained or from any  
 11 liability for the nonobservance or nonperformance thereof, nor  
 12 be deemed to constitute a waiver of any rights of Lessor here-  
 13 under, and the terms, covenants and conditions of this lease shall  
 14 control in case of any conflict with the provisions of such  
 15 mortgage.

16 §29. Protection of Mortgage.

17 During the existence of any authorized mortgage of this lease,  
 18 Lessor shall not terminate this lease because of any default by  
 19 Lessee hereunder or other cause whatsoever if, within a period of  
 20 120 days after Lessor has mailed written notice of intention to  
 21 terminate this lease for such cause to the mortgagee at its last  
 22 known address, the mortgagee shall either cure such default or  
 23 other cause or, if the same cannot be cured by the payment of  
 24 money, shall undertake in writing to perform all covenants of this  
 25 lease capable of performance by it until such time as this lease  
 26 shall be sold upon foreclosure pursuant to such mortgage, and in  
 27 case of such undertaking Lessor will not terminate this lease  
 28 within such further time as may be required by the mortgagee to  
 29 complete foreclosure of such mortgage or other remedy thereunder,  
 30 provided (1) that such remedy is pursued promptly and completed  
 31 with due diligence, and (2) that Lessor is paid all rent and other  
 32 charges accruing hereunder as the same become due, and upon  
 foreclosure sale of this lease the time for performance of any  
 obligation of Lessee then in default hereunder other than payment  
 of money shall be extended by the time reasonably necessary to  
 complete such performance with due diligence. Ownership by or  
 for the same person of both fee and leasehold estates in said  
 apartment shall not affect the merger thereof without the prior  
 written consent of any mortgagee to such merger.

§30. Defeasance.

This demise is upon the condition, that if Lessee shall fail to  
 pay the rent or any part thereof within 10 days after the same  
 becomes due, whether the same shall or shall not have been legally  
 demanded, or shall fail to observe or perform faithfully any of  
 the other covenants or agreements herein contained and on the part  
 of the Lessee to be observed and performed and such default shall  
 continue for 30 days after written notice thereof is given to  
 Lessee or mailed to his last known address, or if Lessee then  
 owning this lease shall become bankrupt and fail to perform any of  
 the covenants of Lessee hereunder or shall abandon said premises,  
 or if this lease or any estate or interest of Lessee hereunder  
 shall be sold under any attachment or execution, Lessor may at  
 once re-enter said premises or any part thereof in the name of the  
 whole and, upon or without such entry, at their option terminate  
 this lease, without service of notice or legal process and without  
 prejudice to any other remedy or right of action for arrears of  
 rent or for any preceding or other breach of contract, and in case  
 of such termination Lessee's interest in said apartment and Project  
 shall become and remain the property of Lessor; provided, however,  
 that no failure of the Association to perform any covenant of  
 Lessee herein provided to be performed by the Association shall

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1 constitute a default by Lessee hereunder so long as Lessee shall  
 2 use his best efforts to cause such covenant to be performed by  
 3 the Association and shall pay his proportionate share of all  
 4 expense thereof within 30 days after the charges assessed by the  
 5 Association in respect of said premises become due and payable  
 by Lessee. If this lease is recorded or filed of record in the  
 Bureau of Conveyances, State of Hawaii, such termination may be  
 made effective by recording or filing an affidavit thereof by  
 Lessor.

6 §31. Incidents of Apartment Ownership.  
 7 Except as otherwise provided herein, Lessee shall at all times  
 8 during said term be deemed to be the owner of said apartment for  
 9 all purposes of the Declaration and By-Laws of the Association  
 10 and shall have all rights, privileges, duties and obligations of  
 11 such owner, including, without limitation, membership and vote in  
 12 the Association; provided, however, that any vote or other action  
 of Lessee with respect to construction plans, partition of the  
 Project, amendment of the Declaration or By-Laws, appointment of  
 the managing agent, or any other matter as to which this lease  
 requires the approval or consent of Lessor, shall be effective  
 only upon such approval or consent in writing.

13 §32. Holdover Tenancy.  
 14 In the event the Lessee remains in possession of the herein  
 15 leased premises after the expiration of this lease and without  
 16 the execution of a new lease, in such manner as to create a valid  
 holdover tenancy, the Lessee shall be deemed to be occupying said  
 premises as a tenant from month-to-month, subject to all of the  
 conditions, provisions and obligations of this lease insofar as  
 the same are applicable to a month-to-month tenancy.

17 §33. Notices.  
 18 Any notice or demand to Lessor or Lessee provided for or permitted  
 19 by this lease shall be in writing and may be given sufficiently  
 20 for all purposes if mailed, addressed to the party at its post  
 21 office address herein specified or the last such address desig-  
 22 nated by such party in writing to the other, or delivered per-  
 sonally within the State of Hawaii to Lessor or Lessee or any  
 officer of Lessee if Lessee is a corporation, as the case may be,  
 and shall be deemed conclusively to have been given on the date  
 of such mailing or personal delivery.

23 §34. Non-Waiver.  
 24 Acceptance of rent by Lessor or their agents shall not be deemed  
 25 to be a waiver by them of any breach by Lessee of any covenant  
 26 herein contained or of Lessor's rights of re-entry for breach of  
 condition. Lessor's waiver of any breach by Lessee shall not  
 operate to extinguish the term, covenant or condition the breach  
 whereof has been waived nor be deemed a waiver of Lessor's rights  
 to declare a forfeiture for any other or further breach thereof.

27 §35. Approvals and Consents.  
 28 Any approval or consent by Lessor required by any provision hereof  
 shall not be capriciously or unreasonably withheld.

29 §36. Definitions.  
 30 The terms "Lessor" and "Lessee" herein or any pronoun used in  
 31 place thereof shall mean and include the masculine or feminine,  
 32 the singular or plural number, and jointly and severally, indi-  
 viduals, firms or corporations, and their and each of their  
 respective heirs, successors, executors, administrators and  
 assigns, according to the context thereof.

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§37. Security Deposit.

Concurrently with the execution of this lease, Lessee shall deliver to Lessor the sum of \$152 as security for the performance by Lessee of every covenant and condition of this lease. Said deposit may be commingled with other funds of Lessor and shall bear no interest. If Lessee shall default with respect to any covenant or condition of this lease, including but not limited to the payment of rent, Lessor may apply the whole or any part of such security deposit to the payment of any sum in default or any other sum which Lessor may be required to spend by reason of Lessee's default. In the event Lessor should so apply all or any part of said deposit, Lessee shall, within 15 days after receipt of notice from Lessor, deliver to Lessor the sum expended in order to replenish such deposit. Failure to do so shall be a default under this lease. Should Lessee comply with all of the covenants and conditions of this lease, the security deposit or any balance thereof shall be returned to Lessee at the expiration of the term hereof.

§38. Lessors' Agent.

Lessors shall jointly appoint and maintain a single individual, firm or corporation as their agent or trustee, authorized to collect on their behalf all money payable to them hereunder, and to grant on their behalf all approvals and consents required by this lease which it determines should be granted. If at any time there shall be no agent or trustee authorized to act for Lessors pursuant to this section, then during such time the managing agent appointed by the Association pursuant to §23 shall have and exercise on behalf of Lessors all of the powers set forth in this section.

§39. Reversionary Interests:

The land included in the project is composed of six parcels, four of which are property of the Maalaea Beach Trust Estate and consist of 54,489 square feet of land, and two of which are property of the Bruce Trust Estate and consist of 58,387 square feet of land. For and during the term of the said horizontal property regime and of the apartment leases of the project, the proportionate reversionary interests of the Lessors in the premises and in all rights and obligations hereunder and thereunder shall be as follows:

Bruce Trust	51.727%
Maalaea Beach Trust	48.273%

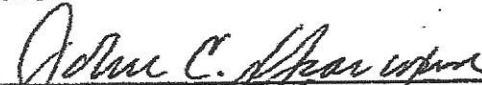
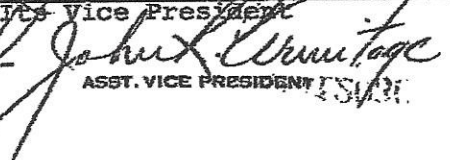
Upon the expiration or earlier termination of the apartment leases and the removal of the project from the provisions of HRS Chapter 514, each of said parcels shall revert to the Lessor thereof free of claims of the other Lessor.

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

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Robert P. Bruce, Trustee

HAWAIIAN TRUST COMPANY, LIMITED  
Trustee

By   
John C. Spear  
Vice President  
  
ASST. VICE PRESIDENT

LESSEE:

*Carter Morse Wilson*

Carter Morse Wilson

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STATE OF )  
          ) ss  
COUNTY OF )

On this \_\_\_\_\_ before me  
personally appeared \_\_\_\_\_

to me known to be the person described in and who executed the  
foregoing instrument, and acknowledged that \_\_\_\_\_ executed the  
same as \_\_\_\_\_ free act and deed.

Notary Public in and for said  
County and State

My commission expires: \_\_\_\_\_

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

On this January 29, 1977 before me  
personally appeared CARTER MORSE WILSON

to me known to be the person described in and who executed the  
foregoing instrument, and acknowledged that he executed the  
same as his free act and deed.

*Rogdalena Caldwell*  
Notary Public, First Judicial  
Circuit, State of Hawaii

My commission expires: 9-29-78

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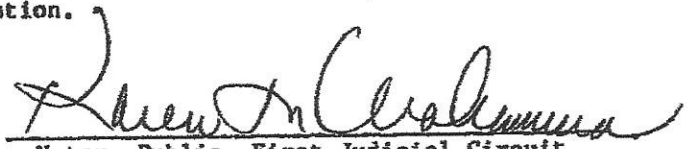
STATE OF HAWAII

CITY AND COUNTY OF HONOLULU

)  
) ss. ~~\_\_\_\_\_~~

1977 12036 10507

On this 24<sup>th</sup> day of February, 1977 before me appeared JOHN R. ARMITAGE, to me personally known, who being by me duly sworn did say that he is the ASSISTANT VICE PRESIDENT of HAWAIIAN TRUST COMPANY, LIMITED A Hawaii Corporation, trustee under Trust Agreement dated December 30, 1975 and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and the said JOHN R. ARMITAGE acknowledged said instrument to be the free act and deed of said corporation.



Notary Public, First Judicial Circuit  
State of Hawaii

My Commission expires: 4-18-77

Photos include:

1) Check-in registration area, 2) Office for onsite manager , 3) Brochures for local activities

