

THE ORIGINAL OF THE DOCUMENT
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STATE OF HAWAII

BUREAU OF CONVEYANCES

AUG 11 2002 11:00
2002-144948

AFTER RECORDATION () MAIL TO () PICKUP BY: *Total No. of Pages: 20*
CHUN, KERR, DODD, BEAMAN & WONG (ARB)
745 Fort Street, 9th Floor
Honolulu, Hawaii 96813
Telephone No.: 528-8200

TMK No. (2) 4-5-3:13

**DECLARATION OF RESTRICTIVE COVENANTS
FOR LOW-INCOME HOUSING CREDITS**

THIS DECLARATION OF RESTRICTIVE COVENANTS (this "Agreement"), dated as of AUG 09 2002, by 3900 CORP., a Maryland corporation, ("the Fee Owner") and FRONT STREET AFFORDABLE HOUSING PARTNERS, a Hawaii limited partnership, (the "Owner") is given as a condition precedent to the allocation of low-income housing credits by the HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII, a public body and a body corporate and politic of the State of Hawaii, together with any successor to its rights, duties and obligations, (the "Corporation") pursuant to Chapter 201G, Hawaii Revised Statutes.

WITNESSETH:

WHEREAS, the Owner is or shall be the owner of a One Hundred Forty Two (142) unit rental housing development located on lands in Lahaina, Island and County of Maui, State of Hawaii, more particularly described in Exhibit A attached hereto and incorporated herein, known as or to be known as (the "Project"); and

WHEREAS, the Corporation has been designated as the housing credit agency for the State of Hawaii for the allocation of low-income housing credit dollars; and

WHEREAS, the Owner has represented to the Corporation in the Owner's Low-Income Housing Tax Credit Application dated January 28, 1999, as amended by For Actions dated June 18,

1999 and November 15, 2000 (the "Application") that the Owner shall construct 142 unit residential housing project in which Owner shall lease seventy-one (71) units in the Project to individuals or families whose income is 60% or less of the area median gross income (including adjustments for family size) and an additional seventy (70) of the units in the Project to individuals or families whose income is 50% or less of the area median gross income ("Low-Income Tenants") as determined in accordance with Section 42 of the Internal Revenue Code of 1986 (the "Code"); and

WHEREAS, the Corporation has determined the Project would support an annual Federal Credit allocation in the amount of approximately \$1,200,000 and an annual State Credit allocation in the amount of approximately \$360,000 (collectively referred to as the "Credit"); and

WHEREAS, the Owner has represented to the Corporation in the Owner's Application that it will covenant to maintain the Section 42 rent and income restrictions for an additional 36 years beyond the minimum 15 year compliance period, through the year as set forth in Section 5 of this Agreement; and

WHEREAS, Section 42 of the Code requires that the Owner and the Corporation enter into an extended low-income housing commitment and, as a condition precedent to the allocation of the Credit that the Owner execute, deliver and record pursuant to state law this Agreement in order to create certain covenants running with the Project for the purpose of enforcing the requirements of Section 42 of the Code by regulating and restricting the use and occupancy and transfer of the Project as set forth herein; and

WHEREAS, the Fee Owner and the Owner, under this Agreement, intend, declare and covenant that the regulatory and restrictive covenants set forth herein governing the use, occupancy and transfer of the Project shall be and are covenants running with the Project for the term stated herein and binding upon all subsequent owners of the Project for such term, and are not merely personal covenants of the Owner.

NOW, THEREFORE, in consideration of the promises and covenants hereinafter set forth, and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Owner agrees as follows:

SECTION 1 - DEFINITIONS.

All words and phrases not otherwise defined in this Agreement shall have the same meanings defined in Section 42 of the Code and by the United States Department of the Treasury ("Treasury") or the United States Department of Housing and Urban Development ("HUD") regulations.

SECTION 2 - RECORDING AND FILING; COVENANTS TO RUN WITH THE PROJECT.

(a) Upon execution and delivery by the Owner, the Owner shall cause this Agreement and all amendments hereto to be recorded and filed in the Bureau of Conveyances of the State of

Hawaii and shall pay all fees and charges incurred in connection therewith. Upon recording, the Owner shall immediately transmit to the Corporation an executed original of the recorded Agreement.

(b) The Owner intends, declares and covenants, on behalf of itself and all future owners and operators of the Project during the term of this Agreement, that this Agreement and the covenants and restrictions set forth in this Agreement regulating and restricting the use, occupancy and transfer of the Project (i) shall be and are covenants running with the Project, encumbering the Project for the term of this Agreement, binding upon the Owner's successors in title and all subsequent owners and operators of the Project, (ii) are not merely personal covenants of the Owner, and (iii) shall bind the Owner (and the benefits shall inure to the Corporation and any past, present or prospective tenant of the Project) and its respective successors and assigns during the term of this Agreement. The Owner hereby agrees that any and all requirements of the laws of the State of Hawaii to be satisfied in order for the provisions of this Agreement to constitute restrictions and covenants running with the Project shall be deemed to be satisfied in full, and that any requirements of privileges of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to insure that these restrictions run with the Project. For the longer of the period this Credit is claimed or the term of this Agreement, each and every contract, deed or other instrument hereafter executed conveying the Project or portion thereof shall expressly provide that such conveyance is subject to this Agreement, provided, however, the covenants contained herein shall survive and be effective regardless of whether such contract, deed or other instrument hereafter executed conveying the Project or portion thereof provides that such conveyance is subject to this Agreement.

SECTION 3 – REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE OWNER.

The Owner hereby represents, covenants and warrants as follows:

(a) The Owner (i) is a Limited Partnership duly organized under the laws of the State of Hawaii, and is qualified to transact business under the laws of the State of Hawaii, (ii) has the power and authority to own its properties and assets and to carry on its business as now being conducted, and (iii) upon authorization of this Agreement by the Fee Owner will have the full legal right, power and authority to execute and deliver this Agreement.

(b) The execution and performance of this Agreement by the Owner, upon authorization of the Fee Owner, (i) will not violate or, as applicable, have not violated any provision of law, rule or regulation or any order of any court or other agency or governmental body, and (ii) will not violate or, as applicable, have not violated any provision of any indenture, agreement, mortgage, mortgage note, or other instrument to which the Owner is a party or by which it or the Project is bound, and (iii) will not result in the creation or imposition of any prohibited encumbrance of any nature.

(c) The Owner, will, at the time of execution and delivery of this Agreement, have good and marketable leasehold title to the premises effective the date of this Agreement (subject to any encumbrances created pursuant to this Agreement, any loan documents relating to the Project, the encumbrances listed in Exhibit A attached hereto or any other permitted encumbrances).

(d) There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of the Owner, threatened against or affecting it, or any of its properties or rights, which, if adversely determined, would materially impair its right to carry on business substantially as now conducted (and as now contemplated by this Agreement) or would materially adversely affect its financial condition.

(e) The Project constitutes a qualified low-income building or qualified low-income project, as applicable, as defined in Section 42 of the Code and applicable regulations.

(f) Each unit in the Project contains complete facilities for living, sleeping, eating, cooking and sanitation (unless the Project qualifies as a single-room occupancy project) which are to be used on other than a transient basis. Transient-based uses are prohibited. An exception is made for transitional housing for the homeless as defined in Section 42 of the Code.

(g) During the term of this Agreement, all units subject to the Credit shall be leased and rented or made available to members of the general public who qualify as Low-Income Tenants (or otherwise qualify for occupancy of the low-income units) under the applicable election specified in Section 42(g) of the Code. The Owner shall not refuse to lease to a holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder.

(h) The Owner agrees to comply fully with the requirements of the Fair Housing Act as it may from time to time be amended.

(i) During the term of this Agreement, the Owner covenants, agrees and warrants that each low-income unit is and will remain suitable for occupancy.

(j) Subject to the requirements of Section 42 of the Code and this Agreement, the Owner may sell, transfer or exchange the entire Project at any time with the prior written consent of the Fee Owner, but the Owner shall notify in writing and obtain the agreement of any buyer or successor or other person acquiring the Project or any interest therein that such acquisition is subject to the requirements of this Agreement and to the requirements of Section 42 of the Code and applicable regulations. This provision shall not act to waive any other restriction on sale, transfer or exchange of the Project or any low-income portion of the Project. The Owner agrees that the Corporation may void any sale, transfer or exchange of the Project if the buyer or successor or other person fails to assume in writing the requirements of this Agreement and the requirements of Section 42 of the Code.

(k) The Owner agrees to notify the Corporation in writing at least thirty (30) days in advance of any sale, transfer or exchange of the Project, in whole or in part.

(l) The Owner shall not demolish any part of the Project or substantially subtract from any real or personal property of the Project except with the prior written consent of the Corporation, which shall not be unreasonably withheld, conditioned or delayed.

(m) Except for one (1) residential unit which is designated as the manager's unit, the Owner shall not permit the use of any of the 141 low income residential rental units for any purpose other than low-income rental housing during the term of this Agreement unless otherwise required by law.

(n) The Owner represents, warrants and agrees that if the Project, or any part thereof, shall be damaged or destroyed or shall be condemned or acquired for public use, the Owner will use its best efforts to repair and restore the Project to substantially the same condition as existed prior to the event causing such damage or destruction, or to relieve the condemnation, and thereafter to operate the Project in accordance with the terms of this Agreement.

(o) The Owner warrants that it has not and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

(p) The Owner shall establish or continue to maintain a replacement reserve fund by the allocation to such reserve fund in a safe, responsible and federally insured depository (FDIC) doing business in Hawaii with an office in the State as follows: (i) from the date the Project is put into service ("the Commencement Date") until the date five (5) years after the Commencement Date, the Reserve for Replacements shall be funded based on \$200 per apartment unit per year; (ii) from the date five (5) years from the Commencement Date until the date ten (10) years after the Commencement Date, the Replacements reserve shall be funded based on \$250 per apartment unit per year; (iii) with respect to each subsequent five (5) year period, the required funding shall be increased by \$50 per apartment unit per five-year period, provided that the Owner shall increase the minimum funding of the replacement reserve if necessary to ensure that such increase is necessary to comply with sound asset management principles.

(q) The Owner shall provide the Corporation with a written independent annual financial and compliance audit in addition to all other documentation that may be required under Section 42 of the Code. Such audit shall include an accounting of the replacement reserve and residual receipt accounts.

(r) The Owner agrees that the replacement reserves shall be under the control of the first mortgagee of the Project (presently the Hawaii Community Reinvestment Corporation, a Hawaii corporation), provided that upon release of the first mortgagee, the replacement reserve shall be

under the control of the Corporation for the benefit of the Project/Owner. Distributions from the replacement reserve account shall require the Corporation's written approval and shall be for the repair or replacement of capital items. The Owner shall also provide the Corporation with (a) prior written notification of the distribution of residual receipts, and (b) written confirmation of the actual distribution from the residual receipts account within thirty (30) days of distribution, which confirmation shall be in a form reasonably satisfactory to the Corporation and may include a copy of the approved distribution request, a canceled check or a wire transfer confirmation from the Owner's bank. The term "residual receipts" as used herein shall mean "Net Cash Flow" as defined in the Amended and Restated Agreement of Limited Partnership, dated November 23, 1999, by and among the Owner and the Owner's limited partners, and the determination and distribution of Net Cash Flow shall be pursuant to Article XI of said partnership agreement.

(s) The Owner agrees to and shall hold harmless, defend and indemnify the Corporation, its directors, employees, representatives, agents, successors, and assigns, from all litigation that may arise out of the Corporation's participation in the Project. All fees and costs incurred by the Corporation arising out of any litigation shall be paid by the Owner.

(t) The Owner shall comply with all other terms and conditions established by Section 42 of the Code as may be amended and applicable.

SECTION 4 – INCOME RESTRICTIONS; RENTAL RESTRICTIONS.

The Owner represents, warrants and covenants throughout the term of this Agreement and in order to satisfy the requirements of Section 42 of the Code ("Section 42 Occupancy Restrictions") and the Corporation that:

- (a) (1) One hundred forty-one (141) units ("the Low-Income Housing Units") on the Project shall be subject to the Section 42 Occupancy Restrictions.
- (2) Seventy (70) units of the Low-Income Housing Units in the Project shall be both rent-restricted and occupied by individuals whose income is 50% or less of area median gross income.
- (3) Seventy-one (71) units of the Low-Income Housing Units in the Project shall be both rent-restricted and occupied by individuals whose income is 60% or less of area median gross income.

(b) The determination of whether a tenant meets the low-income requirement shall be made by the Owner at least annually on the basis of the current income of such Low-Income Tenant.

(c) Rent level shall not exceed a fixed ratio relative to the maximum allowable rent levels of Section 42 of the Code over the term of this Agreement. The Owner may increase rents annually, without written approval from the Corporation as long as subsequent ratios do not exceed the

original ratio. For example, if the initial rent is \$565/unit/month and the maximum allowable rent under Section 42 of the Code is \$678/unit/month, then the Owner will be allowed to maintain a ratio of 0.8333 ($\$565/\678) with respect to future rent increases. If the maximum allowable rent under Section 42 of the Code increases to \$700/unit/month in subsequent years, then the Owner may increase rents up to \$583.31/unit/month (0.8333 multiplied by \$700). The Owner may request changes to the rent ratio in response to changes in extraordinary operating costs exceeding the change in the rent ratio. The Corporation will evaluate and approve such changes only if demonstrated evidence of increased operating costs is provided by the Owner.

SECTION 5 – TERM OF AGREEMENT.

(a) Except as hereinafter provided, this Agreement and the Section 42 Occupancy Restrictions specified herein shall commence with the first day in the Project period on which any building which is part of the Project is placed in service and shall end on the date which is thirty-six (36) years after the close of the initial 15-year compliance period, for a total of fifty-one (51) years (“Extended Use Period”).

(b) Notwithstanding subsection (a) above, the Owner shall comply with the requirements of Section 42 of the Code relating to the Extended Use Period unless the Extended Use Period for this Project shall terminate through acquisition of the Project by foreclosure or instrument in lieu of foreclosure if in accordance with the regulations promulgated by the Code.

SECTION 6 – ENFORCEMENT OF SECTION 42 OCCUPANCY RESTRICTIONS.

(a) The Owner covenants that it will not knowingly take or permit any action that would result in a violation of the requirements of Section 42 of the Code and applicable regulations of this Agreement. Moreover, the Owner covenants to take any lawful action (including amendment of this Agreement as may be necessary, in the opinion of the Corporation) to comply fully with Section 42 of the Code and with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Treasury, or the Internal Revenue Service, or HUD from time to time pertaining to the Owner’s obligations under Section 42 of the Code and affecting the Project.

(b) The Owner acknowledges that the primary purpose for requiring compliance by the Owner with the restrictions provided in this Agreement is to assure compliance of the Project and the Owner with Section 42 of the Code and the applicable regulations. BY REASON THEREOF, AND IN CONSIDERATION FOR RECEIVING LOW-INCOME HOUSING CREDITS FOR THIS PROJECT, THE OWNER HEREBY AGREES AND CONSENTS THAT, FOR ANY BREACH OF THE PROVISIONS HEREOF, THE CORPORATION AND ANY INDIVIDUAL WHO MEETS THE INCOME LIMITATION APPLICABLE UNDER SECTION 42 (“THE BENEFICIARIES”) (WHETHER PROSPECTIVE, PRESENT OR FORMER OCCUPANT) SHALL BE ENTITLED, IN ADDITION TO ALL OTHER REMEDIES PROVIDED BY LAW OR IN EQUITY, TO ENFORCE SPECIFIC PERFORMANCE BY THE OWNER OF THE OWNER’S

OBLIGATIONS UNDER THIS AGREEMENT IN A STATE COURT OF COMPETENT JURISDICTION. The Owner hereby further specifically acknowledges that the Beneficiaries of the Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of any default hereunder.

(c) The Owner hereby agrees that the representations and covenants set forth herein may be relied upon the Corporation and all persons interested in Project compliance under Section 42 of the Code and the applicable regulations.

(d) The Owner shall permit, during normal business hours and upon reasonable notice, any duly authorized representative of the Corporation, to inspect any books and records of the Owner regarding the Project with respect to the income and rents of Low-Income Tenants which pertain to compliance with the Section 42 Occupancy Restrictions specified in this Agreement.

(e) The Owner shall submit any other information, documents or certifications requested by the Corporation which the Corporation shall deem reasonably necessary to substantiate the owner's continuing compliance with the provisions of the Section 42 Occupancy Restrictions specified in this Agreement and will pay a reasonable fee to the Corporation for such monitoring activities performed by the Corporation.

SECTION 7 – MISCELLANEOUS.

(a) Severability. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

(b) Notices. All notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing.

To the Corporation:

Housing and Community Development Corporation of Hawaii
677 Queen Street, Suite 300
Honolulu, Hawaii 96813
ATTN: Low-Income Housing Tax Credit Program

To the Owner:

Front Street Affordable Housing Partners
3660 Waiālae Avenue, Suite 418
Honolulu, HI 96816

ATTN: William J. Dornbush

The Corporation and the Owner may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

(c) Amendment. The Owner agrees that it will take all actions necessary to effect amendment of this Agreement as may be necessary to comply with Section 42 of the Code, any and all applicable rules, regulations, policies, procedures, rulings or other official statements pertaining to the Credit.

(d) Subordination of Agreement. This Agreement and the restrictions hereunder are subordinate to the loan and loan documents, if any, on the Project except insofar as Section 42 of the Code requires otherwise.

(e) Governing Law. This Agreement shall be governed by the laws of the State of Hawaii and, where applicable, the laws of the United States of America.

(f) Survival of Obligations. The obligations of the Fee Owner and the Owner as set forth herein and in the Application shall survive the allocation of the Credit and shall not be deemed to terminate or merge with the awarding of the allocation.

(g) Counterparts. This Agreement may be simultaneously executed in counterparts. Each counterpart so executed shall be deemed to be an original, and all together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized representatives, as of the day and year first written above.

APPROVED AS TO FORM:

HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII



Deputy Attorney General

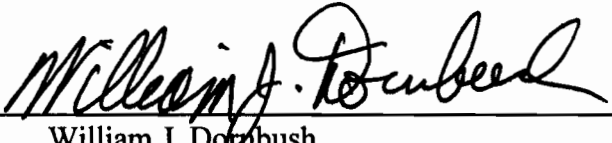
By:  (SEAL)

Shawn L. Miyashiro
Its Executive Director

(“the Corporation”)

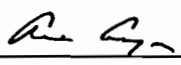
FRONT STREET AFFORDABLE HOUSING
PARTNERS, a Hawaii limited partnership

By Lahaina Homes, LLC, a Hawaii limited
liability company
Its General Partner

By 
William J. Donibush
Its: Member

("the Owner")

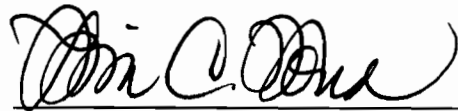
3900, CORP., a Maryland Corporation

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dw By: 
Name: **ALVIN AWAYA**
Its: **VICE PRESIDENT**

("the Fee Owner")

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

On this ____ day of August 9, 2002, before me appeared Sharyn L. Miyashiro, personally known to me who being by me fully sworn, did say that she is the Executive Director of the HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII, a public body and a body corporate and politic, and that the seal affixed to the foregoing instrument is the corporate seal of said HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII and that said instrument was signed and sealed in behalf of the HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII by authority of its BOARD OF DIRECTORS, and the said Sharyn L. Miyashiro acknowledged said instrument to be the free act and deed of the HOUSING AND COMMUNITY DEVELOPMENT CORPORATION OF HAWAII.




Notary Public, State of Hawaii
Print Name: Lisa C. Wend
My commission expires: 7.12.2003

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

On this 8th day of JULY, 2002, before me personally appeared WILLIAM J. DORNBUSH, to me personally known, who, being by me duly sworn or affirmed, did say to that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

L.S.



Notary Public, State of Hawaii
Print Name: Jayna S. Tambalo
My commission expires: January 30, 2004

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

On this _____ day of _____, 2001, before me personally appeared _____, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Notary Public, State of Hawaii
Print Name: _____
My commission expires: _____

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

On this 15th day of JULY, 2002,
before me appeared ALVIN AWAYA, to me personally known, who, being
by me duly sworn, did say that he is the Vice President of 3900
CORP., 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 ALVIN AWAYA acknowledged said
instrument to be the free act and deed of said corporation.

L.S.

Jayna S. Tambalo
Notary Public, State of Hawaii

Jayna S. Tambalo

Print or type Name of Notary

My commission expires: **January 30, 2004**

EXHIBIT A

Unrecorded ground lease dated January 28, 1999, executed by 3900 Corp., a Maryland corporation, as lessor and Millenium Pacific Investments, LLC, a Hawaii limited liability company, as lessee, with a term of sixty-seven (67) years and six (6) months commencing on January 1, 1999 and ending on June 30, 2066, a memorandum of which is dated June 27, 2000, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2000-089030. Said unrecorded ground lease was assigned to Front Street Affordable Housing Partners, a Hawaii limited partnership, by unrecorded Assignment, Assumption and Consent of Ground Lease dated as of September 1, 1999 and unrecorded Consent to Assignment of Lease by Landlord dated as of June 15, 2000, as set forth in Memorandum of Ground Lease dated June 27, 2000, recorded in said Bureau as Document No. 2000-089030. Said unrecorded ground lease was amended by instrument dated December 21, 2000, recorded in said Bureau as Document No. 2001-016343 with consent thereto pursuant to Lender's Consent to Amendment of Ground Lease dated February 1, 2001, recorded in said Bureau as Document No. 2001-016344; and by that certain Second Amendment to Lease dated October 31, 2001, recorded in said Bureau as Document No. 2001-176366. Said ground lease, as amended, demising the premises described as follows:

All of that certain parcel of land being all of Royal Patent 2567, Land Commission Award 7715, Apana 3 to Lota Kamehameha (Deed: Lota Kamehameha to Kenui) and Royal Patent 3535, Land Commission Award 502, Apana 1 to Pupuka, also being portions of Land Patent 8400, Land Commission Award 10605, Apana 4, Mahele 1 to Iona Piikoi; Land Patent 8664, Part 3 to Pioneer Mill Co., Ltd., Mahele Award 63, Apana 1 to N. Namauu, Royal Patent 1860, Land Commission Award 6061, Apana 2 to Hanemo; Royal Patent 1203, Land Commission Award 486, Apana 1 to W. Ku; Land Patent 8246, Land Commission Award 3425-B, Apana 3 to Alu; Royal Patent 3535, Land Commission Award 502, Apana 2 to Pupuka; Royal Patent 2567, Land Commission Award 7715, Apana 1 to Lota Kamehameha (Deed: Lota Kamehameha to Kenui), Royal Patent 3581, Land Commission Award 11086, Apana 3 to J.H. Kaiheekai and Royal Patent 5596, Land Commission Award 6498, Apana 2 to Kokio, being LOT ONE (1), Front Street Apartments, the same being a portion of the consolidation of Parcel 13 and Lots 2, 3, 4 and 5 of the Kenui Street Lots Subdivision and the resubdivision of said consolidation into said Lot 1 and (Road Widening) Lots 2 and 3, situated at Lahaina, Island and County of Maui, State of Hawaii, and thus bounded and more particularly described as per survey of Bruce R. Lee, Licensed Professional Land Surveyor with Newcomer-Lee Land Surveyors, Inc., dated June 1, 2001, as follows:

Beginning at a 3/4-inch pipe the southwesterly corner of this parcel of land, on the northwesterly boundary of Parcel 12 of Tax Map Key: (2) 4-5-003, said point also being the southwest corner of Lot 2 (Front and Kenui Streets widening lot) of said Front Street Apartments subdivision, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LAINA", being:

5,770.45 feet South

5,331.08 feet West

and running by azimuths measured clockwise from true South:

1. 144° 40' 00" 246.48 feet along said Lot 2 (Front and Kenui Streets widening lot) of the Front Street Apartments subdivision and along the remainders of said Land Patent 8400, Land Commission Award 10605, Apana 4, Mahele 1 to Iona Piikoi, said Land Patent 8664, Part 3 to Pioneer Mill Co., Ltd. and said Mahele Award 63, Apana 1 to N. Namauu to a 3/4-inch pipe;
2. 150° 53' 00" 73.61 feet along said Lot 2 (Front and Kenui Streets widening lot) of the Front Street Apartments subdivision and along the remainders of said Mahele Award 63, Apana 1 to N. Namauu and said Royal Patent 1860, Land Commission Award 6061, Apana 2, to Hanemo to a 3/4-inch pipe;

Thence along said Lot 2 (Front and Kenui Streets widening lot) of the Front Street Apartments subdivision and along the remainders of said Royal Patent 1860, Land Commission Award 6061, Apana 2 to Hanemo, on the arc of a curve to the right, concave southeasterly with a radius of 30.00 feet, the chord azimuth and distance being:

3. 196° 46' 30" 43.08 feet to a 3/4-inch pipe;
4. 242° 40' 00" 513.33 feet along said Lot 2 (Front and Kenui Streets widening lot) of the Front Street Apartments subdivision and along the remainders of said Royal Patent 1860, Land Commission Award 6061, Apana 2 to Hanemo and said Royal Patent 1203, Land Commission Award 486, Apana 1 to W. Ku to a 3/4-inch pipe on the southeasterly boundary of said Kenui Street;
5. 340° 15' 00" 4.72 feet along said southeasterly boundary of Kenui Street and along the remainder of said Royal Patent 1203, Land Commission Award 486, Apana 1 to W. Ku to a 3/4-inch pipe;

6. 242° 40' 00" 37.35 feet along same to a 3/4-inch pipe at the west corner of Lot 1 of the Kenui Street Lots;

Thence along said Lot 1 of the Kenui Street Lots and along the remainder of said Royal Patent 1203, Land Commission Award 486, Apana 1 to W. Ku, on the arc of a curve to the left, concave southeasterly with a radius of 15.00 feet, the chord azimuth and distance being:

7. 21° 27' 30" 19.76 feet to a 3/4-inch pipe;

8. 340° 15' 00" 95.68 feet along said Lot 1 of the Kenui Street Lots and along the remainder of said Royal Patent 1203, Land Commission Award 486, Apana 1 to W. Ku to a 3/4-inch pipe;

9. 250° 15' 00" 103.15 feet along same to a 3/4-inch pipe;

10. 133° 45' 00" 133.36 feet along same to a 3/4-inch pipe at the southerly corner of Lot 3 (Kenui and Wainee Streets widening lot) of said Front Street Apartments subdivision;

11. 242° 40' 00" 254.78 feet along said Lot 3 (Kenui and Wainee Streets widening lot) of said Front Street Apartments subdivision and along the remainder of said Land Patent 8246, Land Commission Award 3425-B, Apana 2 to Alu to a 3/4-inch pipe;

Thence along same and along the remainder of said Royal Patent 3535, Land Commission Award 502, Apana 2 to Pupuka, on the arc of a curve to the right, concave southwesterly with a radius of 30.00 feet, the chord azimuth and distance being:

12. 285° 38' 45" 40.90 feet to a 3/4-inch pipe;

13. 328° 37' 30" 226.06 feet along said Lot 3 (Kenui and Wainee Streets widening lot) of the Front Street Apartments subdivision and along the remainders of Royal Patent 3535, Land Commission Award 502, Apana 2 to Pupuka and said Royal Patent 2567, Land Commission Award 7715, Apana 1 to Lota Kamehameha (Deed: Lota Kamehameha to Kenui) to a 3/4-inch pipe on the northwesterly boundary of Lot 1

(unknown subdivision name) being a portion of Parcel 16 of said Tax Map Key: (2) 4-5-003;

Thence along said Kenui Street and along the remainder of said Land Patent 8246, Land Commission Award 3425-B, Apana 3 to Alu, on the arc of a curve to the right, concave southwesterly with a radius of 20.00 feet, the chord azimuth and distance being:

- | | | | | |
|----------|-----|-----|--------|---|
| 14. 62° | 46' | 00" | 64.92 | feet along said Lot 1 (unknown subdivision name) being a portion of Parcel 16 of said Tax Map Key: (2) 4-5-003 and along the remainder of said Royal Patent 2567, Land Commission Award 7715, Apana 1 to Lota Kamehameha (Deed: Lota Kamehameha to Kenui) to a found 1/2-inch pipe; |
| 15. 321° | 30' | 00" | 136.78 | feet along same to a found 3/4-inch pipe set in concrete on the northwesterly boundary of Lot A of the Kainehe Subdivision; |
| 16. 55° | 09' | 45" | 392.82 | feet along said Lot A of the Kainehe Subdivision and along the remainders of said Royal Patent 2567, Land Commission Award 7715, Apana 1 to Lota Kamehameha (Deed: Lota Kamehameha to Kenui) and said Royal Patent 3581, Land Commission Award 11086, Apana 3 to J.H. Kaiheekai to a found 1/2-inch pipe on the northeasterly boundary of said Royal Patent 5596, Land Commission Award 6498, Apana 2 to Kokio; |
| 17. 36° | 45' | 00" | 19.32 | feet along Parcel 11 of said Tax Map Key: (2) 4-5-003 and along the remainder of said Royal Patent 5596, Land Commission Award 6498, Apana 2 to Kokio to a found 3/4-inch pipe; |
| 18. 14° | 17' | 00" | 20.30 | feet along same to a found 1/2-inch pipe on the northwesterly boundary of Royal Patent 1175, Land Commission Award 6499 to Nakoelua; |

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|-----|------|-----|-----|--------|---|
| 19. | 65° | 29' | 00" | 293.32 | feet along said Parcel 11 of said Tax Map Key: (2) 4-5-003 and said Royal Patent 1175, Land Commission Award 6499 to Nakoelua to a found 1/2-inch pipe at the east corner of said Parcel 12 of Tax Map Key (2) 4-5-003; |
| 20. | 141° | 41' | 00" | 100.00 | feet along said Parcel 12 of Tax Map Key: (2) 4-5-003 and along the remainders of said Royal Patent 5596, Land Commission Award 6498, Apana 2 to Kokio and said Land Patent 8400, Land Commission Award 10605, Apana 4, Mahele 1 to Iona Piikoi to a 3/4-inch pipe; |
| 21. | 63° | 16' | 00" | 101.85 | feet along said Parcel 12 of Tax Map Key: (2) 4-5-003 and along the remainder of said Land Patent 8400, Land Commission Award 10605, Apana 4, Mahele 1 to Iona Piikoi to the point of beginning and containing an area of 8.198 acres, more or less. |

Being all the premises conveyed to 3900 CORP., a Maryland corporation, by the following:

By Deed dated March 11, 1993 and recorded as Regular System Document No. 93-045810 of Official Records, from Amfac, Inc., a Hawaii corporation;

By Deed dated March 12, 1992 and recorded as Regular System Document No. 92-037884 of Official Records, from Kenui Hui, a Hawaii limited partnership; and

By Quitclaim Deed dated November 22, 2000 and recorded as Regular System Document No. 2000-176100 of Official Records, from Kenui Hui, a Hawaii limited partnership.

SUBJECT, HOWEVER, to the following:

1. Title to all mineral and metallic mines reserved to the State of Hawaii.
2. Reservation contained in that certain DEED from PIONEER MILL COMPANY, LIMITED to AMFAC, INC., dated October 11, 1967, recorded in the Regular System in Book 5830 at Page 236 of Official Records, to-wit:

Reserving and excepting to the Grantor, its successors and assigns forever, as appurtenant to the lands of the Grantor located in the District of Lahaina now owned and used or hereafter acquired and used by the Grantor in its sugar plantation operations, the perpetual right and easement over and upon the

granted premises to discharge, emit, diffuse and inflict noise, smoke, soot, dust, lights, noxious vapors, odors and other minor nuisances of every description, created by and resulting from the operations of the Grantor in burning sugar cane and bagasse, milling, generating power, trucking, hauling and other activities incidental to the operation of a sugar plantation.

3. EASEMENT E-1 in favor of MAUI ELECTRIC COMPANY as shown on survey of Warren S. Unemori dated June 20, 1991, for electrical purposes along the westerly corner of Lot 2.

4. A GRANT OF EASEMENT for electrical and incidental purposes, dated June 20, 1991, and recorded in said Bureau as Document No. 91-116316, in Favor of MAUI ELECTRIC COMPANY, LIMITED and VERIZON HAWAII INC.

5. Terms and provisions of that certain SECTION VII(C) AGREEMENT FOR WEST MAUI AREAS made by and between KENUI HUI, a Hawaii limited partnership, and the DEPARTMENT OF WATER SUPPLY OF THE COUNTY OF MAUI, dated May 5, 1989, recorded in the Regular System in Book 23293 at Page 329 of Official Records.

6. A GRANT OF EASEMENT for utility and incidental purposes, dated November 2, 1990, and recorded as Regular System Document No. 90-184210, in favor of MAUI ELECTRIC COMPANY, LIMITED and VERIZON HAWAII INC.

7. ACKNOWLEDGEMENT made by KENUI HUI dated November 14, 1990, recorded as Regular System Document No. 91-046672.

8. Burial Marker located near the Southwest corner, as shown on survey map prepared by Bruce R. Lee, Licensed Professional Land Surveyor, Certificate No. 5983-LS, with Newcomer-Lee Land Surveyor, Inc., dated December 16, 1999.

9. A GRANT OF EASEMENT for electrical and incidental purposes, dated June 25, 2001 and recorded as Regular System Document No. 2001-112762, in favor of MAUI ELECTRIC COMPANY, LIMITED and VERIZON HAWAII INC.

10. Restriction of access along Front Street, Wainee Street and a portion of Kenui Street as shown on Consolidation and Resubdivision map prepared by Bruce R. Lee, Licensed Professional Land Surveyor with Newcomer-Lee Land Surveyors, Inc., dated October 25, 1999, revised November 5, 1999, December 17, 1999, July 6, 2000 and February 15, 2001.

11. First Mortgage, Security Agreement and Financing Statement dated November 8, 2001, by Front Street Affordable Housing Partners, a Hawaii limited partnership, as Mortgagor, for the benefit of Hawaii Community Reinvestment Corporation, a Hawaii non-profit corporation, as Mortgagee, recorded as Document No. 2001-176367.

12. Assignment of Leases and Rents dated November 8, 2001, by Front Street Affordable Housing Partners, a Hawaii limited partnership, as Assignor, to Hawaii Community

Reinvestment Corporation, a Hawaii non-profit corporation, as Assignee, recorded as Document No. 2001-176373.

13. Assignment of Note, Mortgage and Other Documents dated November 8, 2001, by Front Street Affordable Housing Partners, a Hawaii limited partnership, as Assignor, to Hawaii Community Reinvestment Corporation, a Hawaii non-profit corporation, as Assignee, recorded as Document No. 2001-176374.

14. UCC Financing Statement regarding fixtures recorded as Document No. 2001-176369, reflecting Front Street Affordable Housing Partners, a Hawaii limited partnership, as Debtor, and Hawaii Community Reinvestment Corporation, a Hawaii non-profit corporation, as Secured Party, as assigned to First Hawaiian Bank, a Hawaii corporation, by Financing Statement Amendment recorded as Document No. 2001-176370.

15. UCC Financing Statement regarding personal property recorded as Document No. 2001-176371, reflecting Front Street Affordable Housing Partners, a Hawaii limited partnership, as Debtor, and Hawaii Community Reinvestment Corporation, a Hawaii non-profit corporation, as Secured Party, as assigned to First Hawaiian Bank, a Hawaii corporation, by Financing Statement Amendment recorded as Document No. 2001-176372.

16. UCC Financing Statement recorded as Document No. 2001-176375, reflecting Hawaii Community Reinvestment Corporation, a Hawaii non-profit corporation, as Debtor, and First Hawaiian Bank, a Hawaii corporation, as Secured Party.