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GENTRY HOMES, LTD. – Attn: md:
733 Bishop Street, Suite 1400
Honolulu, Hawaii 96813

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TOTAL NO. OF DOCUMENT PAGES:

Document Title: DECLARATION OF INTENT TO DEVELOP AND MERGE; SPECIAL
POWER OF ATTORNEY; AND DECLARATION AND RESERVATION OF
RIGHTS AND EASEMENTS

Parties: GENTRY HOMES, LTD.

Property Description: Lots 19721 to 19742, inclusive, and Lot 19747, as shown on Map 1599 of
Land Court Application No. 1069
Land Court Certificate of Title No. 1,052,720

TMK No. (1) 9-1-69:024 (portion)

COPY

DECLARATION OF INTENT TO DEVELOP AND MERGE; SPECIAL POWER OF ATTORNEY; AND DECLARATION AND RESERVATION OF RIGHTS AND EASEMENTS

This Declaration of Intent to Develop and Merge; Special Power of Attorney; and Declaration and Reservation of Rights and Easements (this “**Declaration of Merger**”) is made by GENTRY HOMES, LTD., a Hawaii corporation (the “**Developer**”), whose principal place of business and post office address is 733 Bishop Street, Suite 1400, Honolulu, Hawaii 96813.

A. RECITALS.

1. The Developer owns in fee simple certain real property described in the attached Exhibit “A” (the “**Land**”).

2. The Land is subject to that certain Agreement for Issuance of Conditional Use Permit Under Section 21-5.380 of the Land Use Ordinance (LUO), dated December 12, 2013 and recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. T-8775006 (the “**Joint Development Agreement**”). The infrastructure serving the Land, including, but not limited to, systems for potable water, irrigation, drainage, sewer and electricity, visitor parking areas and roadways, was designed to serve a cohesive, integrated community.

3. The Developer has improved, or intends to improve, a portion of the Land by constructing thereon certain improvements, and intends to submit such land and improvements to a condominium property regime established under the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended (the “**Act**”), to be known as ParkSide By Gentry I (the “**Project**”).

4. The Developer may, but is not obligated to, (a) improve other portions of the Land and/or other land adjacent to or in the vicinity of the Land, by constructing thereon certain improvements, and (b) submit such land and improvements to one or more separate condominium property regimes (or projects) established pursuant to the Act (all or any one or more of such separate condominium property regimes (or projects) are referred to herein as the “**Additional Increments**”).

5. The Developer desires to reserve the right, in its sole and absolute discretion, to effect an administrative merger or mergers of any two or more of the Project and the Additional Increments such that the use of the respective common elements, the respective common expenses, and the management of the respective affairs of the merged increments are shared, and the administration of the merged increments is unified under one integrated association of apartment owners, but the ownership interests of the apartment owners in the Project and the Additional Increments are not altered or affected.

6. The Developer further desires to reserve the right, in its sole and absolute discretion, (a) to encumber the Land and the Project with non-exclusive easements and rights of way in favor of the Additional Increments so that the owners and occupants of the apartments in the Additional Increments have the right to use the common elements of the Project as if those common elements were part of the Additional Increments, and (b) to encumber the Additional Increments with non-exclusive easements and rights of way in favor of the Land and the Project so that the owners and occupants of the apartments in the Project have the right to use the common elements of the Additional Increments as if those common elements were part of the Project.

7. The Developer further desires to put owners of apartments in the Project and the Additional Increments on notice that, by taking title to such apartments, they are granting the Developer a

special power of attorney to effect all or any of the rights reserved by the Developer in this Declaration of Merger.

The Developer now makes the following declaration, reservations, easements and statements:

B. DECLARATION OF MERGER.

1. Submittal to Declaration of Merger. The Developer hereby submits the Land, all improvements constructed or to be constructed thereon, and the Developer's interest in the Land and such improvements to this Declaration of Merger. The Developer further declares and agrees that the Land and the improvements constructed or to be constructed thereon shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied and improved subject to the declarations, limitations, restrictions, easements, covenants and conditions set forth in this Declaration of Merger, as it may be amended from time to time, all of which are declared and agreed to be in furtherance of a plan for the development, improvement and sale of condominium apartments in the Project and the Additional Increments, and are established for the purposes of enhancing and perfecting the value, desirability and attractiveness of the Land and for the mutual benefit of the owners of any interest therein. All of the declarations, restrictions, limitations, easements, covenants, and conditions set forth in this Declaration of Merger shall constitute covenants running with the land and shall be binding on and for the benefit of the Developer and its successors and assigns, and all subsequent owners, lessees, sublessees and all parties having or acquiring any right, title or interest in all or any part of the Land and the improvements constructed or to be constructed thereon, and their respective heirs, devisees, personal representatives, successors, successors-in-trust and assigns.

2. Reservation to Effect an Administrative Merger. The Developer shall have and reserves the right, in its sole and absolute discretion, to cause and effect an administrative merger of any two or more of the Project and the Additional Increments into a single condominium project (the "**Merged Project**") and to execute and record one or more Certificates of Administrative Merger (as described below) and all other instruments as the Developer deems necessary or appropriate for the purpose of effecting the administrative merger. The Developer reserves the right to effect an administrative merger more than once. The declarations of condominium property regime for each of the Additional Increments will contain provisions and conditions for such administrative merger(s) of condominium projects. The Developer may effect the administrative mergers as set forth in this Declaration of Merger without the further act, consent or joinder of any apartment owner, lien holder or any other persons, provided that any such merger is accomplished within twenty (20) years from the date this Declaration of Merger is recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

3. Requirements to Effect Merger. The following requirements must be met to effect an administrative merger:

(a) Declaration; Bylaws; Condominium Map. The Developer shall have, with respect to each increment to be merged, recorded a declaration of condominium property regime and by-laws and filed a condominium map, complying with the applicable requirements of the Act. Each such declaration of condominium property regime and by-laws (as each may be amended from time to time) shall be in substantially similar form for each increment to be merged, with appropriate modifications for the physical description of the land included in each increment and easements and other encumbrances affecting the land, the number and description of the apartment in each increment, the description of the common elements and limited common elements in each increment, reserved development and other rights and obligations affecting the apartments and common elements in each increment, the common

interest appurtenant to the apartments in each increment, and such other modifications as may be required or advisable for compliance with the Act or other applicable laws or with the requirements of the Real Estate Commission of the State of Hawaii or any institutional lender; provided, however, that if there are any conflicts or differences between the respective declarations of condominium property regime and/or by-laws (other than the appropriate modifications described above), then the provisions of the later-recorded document shall control.

(b) **Construction.** Construction of the apartments and common elements described in the declaration of condominium property regime for each of the increments to be merged shall have been substantially completed.

(c) **No Blanket Mortgages.** The condominium projects to be merged shall not be subject to any blanket mortgages or other liens, except for mortgage liens on individual apartments and their respective common interests.

(d) **Certificate of Administrative Merger.** The Developer shall have recorded a "Certificate of Administrative Merger," which certificate shall contain (i) a certification that the requirements of subsections 3(a), 3(b) and 3(c) above have been satisfied; and (ii) a statement that an administrative merger with respect to the increments to be merged has, by the recording of the Certificate of Administrative Merger, become effective.

4. **Effect of an Administrative Merger.** Upon the recordation of a Certificate of Administrative Merger, the administrative merger will be effective as of the effective date given in the Certificate of Merger (the "**Administrative Merger Date**") and the following consequences shall ensue:

(a) **Use of Common Elements.** Each apartment in the Merged Project shall have appurtenant thereto perpetual, nonexclusive easements and rights to use and enjoy the common elements of each of the merged increments to the same extent and subject to the same limitations as are imposed upon apartments in each of such increments as though the merged increments had been developed as a single condominium project. Each apartment in the Merged Project shall have appurtenant thereto a perpetual, non-exclusive easement in the common elements of each of the merged increments for the installation, maintenance and repair of any pipe, cable or other conduits for utility services such as power, light, gas, water, sewage, drainage, telephone, radio and television signal distribution. Each apartment in the Merged Project shall have appurtenant thereto a perpetual, non-exclusive easement in the common elements of each of the merged increments for roadway and visitor parking stall purposes.

(b) **Allocation of Maintenance Fees and Votes.** Each apartment's maintenance fee allocation and voting allocation in the Merged Project shall be computed on a per apartment basis, meaning that each apartment in the Merged Project is to have the same maintenance fee allocation and voting allocation as all of the other apartments in the Merged Project; provided however, that the Developer shall have the right, in its sole and absolute discretion, to adjust or modify the allocation assigned to an apartment so that the total allocation for all of the apartments in the Merged Project adds up to exactly one hundred percent (100%).

(c) **Association of Apartment Owners.** The associations of apartment owners of each of the merged increments that were created via their respective declarations of condominium property regime and by-laws shall be merged into a single association covering the entire Merged Project, which association shall be known as the "Association of Apartment Owners of ParkSide By Gentry" (the "**Merged Association**"). After an administrative merger, the Merged Association shall

have all of the powers and obligations vested in the associations of apartment owners of the merged increments.

(d) Incorporation of Associations. In the event that the association of apartment owners of one of the merged increments shall be incorporated prior to an administrative merger, the apartment owners in the other merged increment(s) shall, upon administrative merger, automatically become members of the association of apartment owners of the incorporated increment, and its articles of incorporation and by-laws shall so provide. In the event that the association of apartment owners of two or more of the merged increments shall be incorporated prior to an administrative merger, the associations of apartment owners of the incorporated merged increments shall, upon such administrative merger, take the appropriate steps to (i) merge the corporations into one corporation or consolidate the corporations into a new corporation, and (ii) have the apartment owners in the unincorporated merged increment(s), if any, become members of the association of apartment owners of the entity that survives the aforementioned merger or consolidation, and its articles of incorporation and by-laws shall so provide.

(e) Name of Merged Project. From and after the Administrative Merger Date, the merged increments shall be treated for purposes of administration, use and sharing of common expenses as though they had been developed as a single project. The Merged Project shall be known as PARKSIDE BY GENTRY.

(f) Single Association and Board. Upon the recordation of a Certificate of Administrative Merger, a single association of apartment owners shall govern the Merged Project. Within sixty (60) days of the Administrative Merger Date, a special meeting of all of the owners of apartments in the Merged Project shall be called to elect a new board of directors to replace the existing boards of directors and to govern the entire Merged Project. The procedure for calling and holding such meeting and all other meetings of the Merged Association and of the new board of directors shall be as set forth in the by-laws for the Project and the Additional Increments. Until the new board of directors is elected, the existing board(s) of directors, acting jointly, shall have full authority to conduct the affairs of the Merged Project. The number of directors of the Merged Association shall be subject to the same limitations set forth in each of the respective by-laws for each increment, provided that in no event shall the number of directors of the Merged Association be less than nine (9) when the number of apartments exceeds one hundred (100), unless sixty-seven percent (67%) or more of all apartment owners vote by mail ballot or at a special or annual meeting to reduce the minimum number of directors. At the special meeting to elect the new board, one-third (1/3) of the directors shall be elected for one (1) year, one-third (1/3) shall be elected for two (2) years and one-third (1/3) shall be elected for three (3) years. If the special meeting is to be held more than six (6) months prior to the next annual meeting of the Merged Association, then the terms of the directors shall be calculated as if they had been elected at the previous annual meeting of the Merged Association. If the special meeting is to be held six (6) months or less prior to the next annual meeting of the Merged Association, then the terms of the directors shall be calculated as if they were elected at the next annual meeting of the Merged Association and no election need be held at such next annual meeting.

(g) Liens. Notwithstanding anything provided herein to the contrary, the Project and each Additional Increment shall be deemed a distinct and separate "project" for purposes of Section 514B-43 of the Act, with the effect that subsequent to substantial completion of the Project and of each Additional Increment and the recording of the first apartment deed conveying an apartment in the Project and in each Additional Increment to a third-party purchaser, and, thereafter, while the Project or the Additional Increment remains the subject of a condominium property regime, no lien shall arise or be created against the common elements of the Project or of an Additional Increment. No lien that may

arise as a result of work done or materials furnished to the Project or to an Additional Increment shall encumber or affect any apartment created in any other increment constituting part of the Merged Project or the common interest appurtenant thereto, or the land area designated for such increment, whether or not such apartment is owned by the Developer.

(h) **Limit of Liability.** Notwithstanding anything provided herein to the contrary, the apartment owners in one condominium project shall not be assessed, or obligated to pay, any debts, expenses, costs or other obligations of the apartment owners in any other condominium project that are outstanding as of, or were otherwise incurred prior to, the Administrative Merger Date.

5. **Ownership.** Except as otherwise provided in this Declaration of Merger, an Administrative Merger shall only affect the administration and use of the merged increments and the sharing of common expenses, and shall not affect the ownership of apartments and common elements in the respective increments.

6. **Interpretation of Condominium Documents.** For the purposes of administration and use of the Merged Project, upon the recordation of a Certificate of Administrative Merger, all of the apartments in the Merged Project shall be treated as though they were all included in a single condominium project created by a single recording of a declaration of condominium property regime covering the Merged Project, and the declarations of condominium property regime for each of the merged increments shall be construed as one document applicable to the entire Merged Project, except to the extent otherwise expressly provided in any document. Any modification or amendment of a provision in one of the respective declarations relating to the administration of the Merged Project shall be made only upon the majority vote of the apartment owners in the Merged Association. The same shall be true of the respective by-laws and house rules of the separate condominium projects. Where the declarations, by-laws or house rules of the separate condominium projects conflict or are inconsistent, such conflicts and inconsistencies shall be resolved in favor of the provisions contained in the declaration, by-laws and house rules for the most recently established condominium project. The Developer also reserves the right to record an amended and restated declaration and/or by-laws for the Merged Project that would incorporate all of the separate declarations and by-laws for the Project and each of the Additional Increments. Upon an administrative merger, the specified voting percentages required to amend the declaration of condominium property regime and the by-laws for the Merged Project shall refer to and mean the specified percentage of the total vote in the Merged Project.

7. **Special Assessments Due to Merger.** Upon an administrative merger, the Developer may, but need not, require the apartment owners in the Project and/or in all or any of the Additional Increments to make contributions, in addition to their normal prescribed share of the common expenses, to the replacement reserves, the general operating account, and/or any other accounts of the Merged Project. The Developer may provide that such contributions shall be made in a lump sum amount or in installments over a period of time. In setting the amount and terms of such contributions, the Developer may, but need not, take into account (a) the amount of replacement reserves, the amounts in the general operating accounts, and/or the amounts in any other accounts of the respective projects, accumulated prior to the merger, and (b) the condition of the various buildings and apartments. The amounts and terms of the contributions to be made by the apartment owners in a project shall be as fairly determined by the Developer, in the Developer's sole and absolute discretion, and shall be set forth in a notice by the Developer to the apartment owners or to the Board of Directors of the Merged Project. The Developer shall have no obligation to collect such contributions from the apartment owners. Collection of such contribution amounts shall be the responsibility of the Board of Directors, which may, in its discretion, elect to instruct the managing agent of the Merged Project to administer the collection of the contribution amounts. Delinquent amounts of such contributions shall constitute a lien against the delinquent

apartment owner's interest in his apartment, which lien may be foreclosed by the Board of Directors of the Merged Project, or by the managing agent, in the same manner as provided in the Act for unpaid common expenses.

8. Amendment of Condominium Documents by the Developer. To protect its right to merge as set forth in this Declaration of Merger, the Developer reserves the right to review and approve, in its reasonable discretion, any and all amendments to any declaration of condominium property regime, any by-laws of an association of apartment owners and the house rules of any condominium project created on the Land for a period of twenty (20) years after the date this Declaration of Merger is recorded or until all of the Land has been developed and all of the condominium projects built on the Land have either been merged or released from this Declaration of Merger, whichever occurs earlier. The purpose and basis of such review and approval will be to ensure that the declarations, by-laws and house rules of the various condominium projects on the Land remain in such forms that the Developer is able to effect an administrative merger of the various condominium projects.

9. No Obligation to Effect Merger. The Developer intends to effect an administrative merger of some or all of the condominium projects created on the Land. However, circumstances may change such that a merger may not take place. The Developer reserves the right to change development plans and is not required to develop any of the Additional Increments or to merge them with the Project or with any other condominium project. Nothing in this Declaration of Merger shall be construed as a representation, warranty or agreement by the Developer that any or all of the Project or the Additional Increments will be developed or that an administrative merger of any or all of such projects will occur. Further, nothing in this Declaration of Merger shall be construed to (a) require the Developer to (i) develop the Project or any of the Additional Increments or (ii) to merge such projects, or (b) prohibit the Developer from dealing freely with the Land at its discretion.

10. Release of Declaration of Merger. Any other provision in this Declaration of Merger to the contrary notwithstanding, the Developer, at its sole discretion, shall have the unilateral right, but shall not be obligated, to release any subdivided portion of the Land from this Declaration of Merger. The Developer may exercise such right at any time and from time to time without being required to obtain the consent or joinder of any person or group of persons, including any association, any apartment owner or any mortgagee, lien holder, any apartment purchaser or any other person who may have an interest in the Land or in any apartment.

C. RESERVATION OF EASEMENTS AND RIGHTS OF WAY

1. The Developer hereby reserves the unilateral right, in its sole and absolute discretion, to encumber the Land and the Project with non-exclusive easements and rights of way in favor of the Additional Increments so that the owners and occupants of the apartments in the Additional Increments have the right to use the common elements of the Project as if those common elements were part of the Additional Increments.

2. The Developer hereby further reserves the unilateral right, in its sole and absolute discretion, to encumber the Additional Increments with non-exclusive easements and rights of way in favor of the Land and the Project so that the owners and occupants of the apartments in the Project have the right to use the common elements of the Additional Increments as if those common elements were part of the Project.

D. LANDSCAPE EASEMENT. The Developer has entered into a Grant of Non-Exclusive Easement covering Easement 7198 ("Easement 7198"), for landscaping and maintenance purposes, as

shown on Map 1047, affecting Lot 11985-A ("Lot 11985-A"), as shown on Map 877, both of said maps being of Land Court Application No. 1069, which grant was recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 2786839 (the "Landscape Area Grant"). Lot 11985-A is a portion of the Coral Creek Golf Course. The Developer hereby reserves the right to grant, convey, assign and transfer its rights and obligations under the Landscape Area Grant to the Merged Association as to that portion of Easement 7198 that directly abuts the Merged Project. The Merged Association shall have the duty and obligation to accept the assignment of the Landscape Area Grant and to comply with the terms set forth in the Landscape Area Grant. The costs to maintain the landscaping and any supporting irrigation, as contemplated in the Landscape Area Grant, shall be at the common expense of all of the owners of apartments within the Merged Project.

E. SPECIAL POWER OF ATTORNEY.

The Developer shall have the absolute and unilateral right, notwithstanding the lease, sale or conveyance of any or all of the apartments in any of the Project or the Additional Increments, and without being required to obtain the consent or joinder of any apartment owner, lien holder or any other persons, (a) to effect an administrative merger in accordance with the provisions of this Declaration of Merger, (b) to execute, process, file and record the Certificate of Administrative Merger and any and all other instruments necessary or appropriate for the purpose of effecting the merger of increments as contemplated hereby, and (c) to execute, process, file and record any and all instruments necessary or appropriate for the purpose of reserving, granting, assigning, designating, deleting, or otherwise dealing with the easements and rights of way reserved herein. Any such action shall be deemed taken by the Developer as the true and lawful attorney-in-fact of the respective apartment owners. Each and every party acquiring an interest in the Land, by such acquisition: consents to all such mergers of increments and reservations and grants and to the execution, delivery and recordation of such documents as may be necessary to effect the same; agrees to execute such documents and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its assigns his or her attorney-in-fact with full power of substitution to execute, acknowledge, deliver and record such documents and to do such things on his or her behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights and shall not be affected by the disability of any such party.

F. MISCELLANEOUS

1. **Severability.** If any provision of this Declaration of Merger is declared invalid or unenforceable, such provision shall be deemed modified to the extent necessary to render it valid and enforceable. In any event, the unenforceability or invalidity of any provision shall not impair or affect in any manner the validity, enforceability or effect of any other provision of this Declaration of Merger, and this Declaration of Merger shall continue in full force and effect and be construed and enforced as if such provision had not been included, or had been modified as provided above, as the case may be, to the full extent permissible by law.

2. **Amendment of this Declaration of Merger.** This Declaration of Merger cannot be amended without the express written consent of the Developer for a period of twenty (20) years after the date this Declaration of Merger is recorded or until all of the Land has been developed and all of the condominium projects built on the Land have either been merged or released from this Declaration of Merger, whichever occurs earlier.

3. **Assignment.** The rights of the Developer under this Declaration of Merger shall extend to the Developer and its successors and assigns. A person or entity shall be deemed a successor or assign

of the Developer only if specifically so designated in a recorded instrument as a successor or assign of the Developer under this Declaration of Merger.

IN WITNESS WHEREOF, the undersigned has executed this Declaration of Merger on
March 18, 2014.

GENTRY HOMES, LTD.,
a Hawaii corporation

By Robert W. Brant
Robert W. Brant
Its President

“Developer”

STATE OF HAWAII

)

) SS.

CITY AND COUNTY OF HONOLULU

)

On March 18, 2014, before me appeared **ROBERT W. BRANT**, 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.



Sylvia T. Hayashi

Notary Public, State of Hawaii

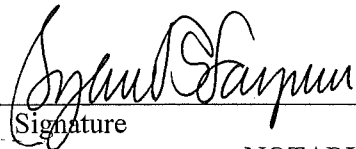
My commission expires October 26, 2018



Doc Dated: undated at time of notary # Pages: 11

Name: Sylvia T. Hayashi First Circuit

Doc. Description: Declaration of Intent to Develop and Merge;
Special Power of Attorney; and Declaration of Reservation of Rights
and Easements


Signature

Date

3.18.14

NOTARY CERTIFICATION

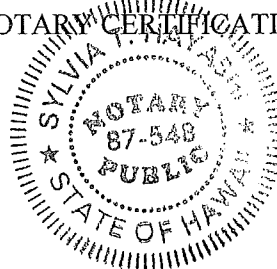


EXHIBIT "A"

All of those certain parcels of land situate at Honouliuli, District of Ewa, Island of Oahu, City and County of Honolulu, State of Hawaii, described as follows:

Lot 19721, area 0.912 acre;
Lot 19722, area 0.935 acre;
Lot 19723, area 1.101 acres;
Lot 19724, area 1.015 acres;
Lot 19725, area 1.038 acres;
Lot 19726, area 0.957 acre;
Lot 19727, area 0.783 acre;
Lot 19728, area 0.875 acre;
Lot 19729, area 0.921 acre;
Lot 19730, area 1.147 acres;
Lot 19731, area 0.973 acre;
Lot 19732, area 1.050 acres;
Lot 19733, area 0.924 acre;
Lot 19734, area 0.914 acre;
Lot 19735, area 0.898 acre;
Lot 19736, area 0.869 acre;
Lot 19737, area 0.947 acre;
Lot 19738, area 0.853 acre;
Lot 19739, area 0.916 acre;
Lot 19740, area 0.851 acre;
Lot 19741, area 0.857 acre;
Lot 19742, area 1.571 acres; and
Lot 19747, area 0.491 acre;

all as shown on Map 1599, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1069 of the Estate of James K. Campbell, Deceased.

Being a portion of the land described in Certificate of Title No. 1,052,720 issued to Gentry Homes, Ltd., a Hawaii corporation.

END OF EXHIBIT "A"