REAL ESTATE COMMISSION
STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
PROFESSIONAL AND VOCATIONAL LICENSING DIVISION
P. O. Box 3469
Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

KUMELEWAI COURT - PHASE I
95-1030 through 95-1040 Ainamakua Drive
and 95-1062 through 95-1066 Ainamakua Drive
Mililani Town, Oahu, Hawaii

Registration No. 2523

Issued: June 1, 1992
Expires: February 28, 1993

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of May 26, 19 92, and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

____ **PRELIMINARY:** *(yellow)* The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.

____ **FINAL:** *(white)* The developer has legally created a condominium and has filed complete information with the Commission.
[ ] No prior reports have been issued
[ ] Supersedes all prior public reports
[ ] Must be read together with _____

X **SUPPLEMENTARY:** *(pink)* Updates information contained in the
[ ] Prelim. Public Report dated _____
[X] Final Public Report dated January 28, 1992
[ ] Supp. Public Report dated _____

And [ ] Supersedes all prior public reports
[X] Must be read together with Final Public Report dated January 28, 1992
[ ] This report reactivates the _____ public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[ ] Required [X] Not Required - disclosures covered in this report. See Final Public Report

SUMMARY OF CHANGES FROM EARLIER PUBLIC REPORTS:

This summary contains a general description of the changes made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier report if they wish to know the specific changes that have been made.

Changes made are as follows:

1. The Declaration of Merger of Condominium Phases has been amended to incorporate certain changes required by the Department of Housing and Urban Development ("HUD") in connection with Developer's application for HUD approval of FHA financing for "Lower Cost Housing" units in the Project. A copy of the recorded First Amendment to Declaration of Merger of Condominium Phases dated May 7, 1992 incorporating such changes has been filed with the Real Estate Commission.

2. The Declaration of Condominium Property Regime for the Project has been amended to incorporate certain changes required by HUD in connection with Developer's application for FHA-approved financing for "Lower Cost Housing" units in the Project. A copy of the recorded First Amendment to Declaration of Condominium Property Regime dated May 7, 1992 has been filed with the Real Estate Commission.

3. The Reservation and Sales Agreement (Lower Cost Housing) has been amended [by Second Addendum to Reservation and Sales Agreement (Lower Cost Housing)] to (a) delete the Seller's repurchase option and shared appreciation rights which were contained in former Section A.7, Article V thereof, and (b) to make certain other changes necessary to reflect the changes required by HUD.

4. The Apartment Deed (Lower Cost Housing) has been amended to (a) delete such Grantor's repurchase option and shared appreciation rights, and (b) to make certain other changes necessary to reflect the changes required by HUD.

5. The Owner-Occupant Affidavit and the Co-Mortgagor Affidavit attached to the Co-Mortgagor Addendum to Reservation and Sales Agreement (Lower Cost Housing) have been amended to reflect the deletion of Seller's repurchase option and shared appreciation rights.

6. The Reservation and Sales Agreement (Market Housing) has been amended [by Second Addendum to Reservation and Sales Agreement (Market Housing)] to reflect the amendments made to the Declaration of Merger of Condominium Phases. Certain other changes made to the Reservation and Sales Agreement (Lower Cost Housing) have not been made to the Reservation and Sales Agreement (Market Housing) [for example, but without limitation, the Seller's repurchase option and shared appreciation rights continue to apply to Market Housing Units].

7. The Apartment Deed and Repurchase Option (Market Housing) has been revised to reflect the amendments made to the Declaration of Merger of Condominium Phases and the Declaration of Condominium Property Regime. Certain other changes made to the Apartment Deed (Lower Cost Housing) have not been made to the Apartment Deed and Repurchase Option (Market Housing) [for example, but without limitation, the Grantor's repurchase option and shared appreciation rights continue to apply to Market Housing Units].

8. Each purchaser under a Reservation and Sales Agreement executed under HRS Section 514A-105 will be required to execute and record an Affidavit Of Intent To Become An Owner-Occupant, as provided in Act 50, 1992 Hawaii Session Laws. A form of such Affidavit has been filed with the Commission.

9. The addresses of the Project set forth in the Final Public Report have been corrected.

10. Buyers are advised that construction of the Project was completed in March 1992.

NOTE: Sections not marked or marked "No Change" on the following pages indicate no material changes to the information thereunder.

TABLE OF CONTENTS

page

Report Purpose 1
Type of Report 1
Summary of Changes from Earlier Public Reports 2
Table of Contents 3
General Information on Condominiums 4
Summary of the Condominium Project 5

I. PEOPLE CONNECTED WITH THE PROJECT 6

Developer
Real Estate Sales Agent
Escrow Company
Managing Agent
Attorney for Developer

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS
A. Declaration 7
B. Condominium Map (File Plan) 7
C. Bylaws 7
D. House Rules 8
E. Changes to Condominium Documents 8

III. THE CONDOMINIUM PROJECT
A. Interest to be Conveyed to Buyer 9
B. Underlying Land 10
C. Buildings and Other Improvements 10
D. Common Elements, Limited Common Elements, Common Interest 14
E. Encumbrances Against Title 15
F. Management of the Common Elements 15
G. Maintenance Fees 16
H. Utility Charges 16
I. Construction Warranties 16
J. Status of Construction 17
K. Project Phases 17
L. Sales Documents Filed with the Real Estate Commission 17

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE 18

Buyer's Right to Cancel Sales Contract 19
Signature of Real Estate Commission Chairman 20

EXHIBIT A:
EXHIBIT B:
EXHIBIT C:
EXHIBIT D:
EXHIBIT E:
EXHIBIT F:
EXHIBIT G: ENCUMBRANCES AGAINST TITLE (Revised)
EXHIBIT H:
EXHIBIT I: SUMMARY OF SALES AGREEMENT (Revised)
EXHIBIT J:

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

[ ] Proposed
[ ] Recorded - Bureau of Conveyances - Document No. _____
Book _____ Page _____
[X] Filed - Land Court - Document No. 1875449

Amendment date(s) and recording/filing information:

First Amendment to Declaration of Condominium Property Regime dated May 7, 1992, filed as Land Court Document No. 1910782.

B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

[ ] Proposed
[ ] Recorded - Bureau of Conveyance Condo Map No. _____
[X] Filed - Land Court Condo Map No. 879

Amendment date(s) and recording/filing information:

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the way in which meetings will be conducted, and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

[ ] Proposed
[ ] Recorded - Bureau of Conveyances - Document No. _____
Book _____ Page _____
[X] Filed - Land Court - Document No. 1875450

Amendment date(s) and recording/filing information:

For Subleaseholds:

[ ] Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
[ ] Cancelled [ ] Foreclosed

[ ] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

B. **Underlying Land:**

Address: 95-1030 through 95-1040 Ainamakua Drive and 95-1062 through 95-1066 Ainamakua Drive Tax Map Key: (1) 9-5-49:4 (portion) (TMK)

Mililani Town, Oahu, Hawaii

[ ] Address [ ] TMK is expected to change because _____

Land Area: 4.914 [ ] square feet [X] acre(s) Zoning: A-1

Fee Owner: Castle & Cooke Residential, Inc.
Name

650 Iwilei Road, P. O. Box 2780
Address

Honolulu, Hawaii 96817

Sublessor: _____
Name

_____
Address

_____

C **Buildings and Other Improvements:**

1. [X] New Building(s) [ ] Conversion of Existing Building(s)
[ ] Both New Building(s) and Conversion
2. Buildings: 9 residential buildings; 9 carport parking structures; a pavilion structure; and a maintenance building Floors Per Building 2 (in residential buildings 1 in other structures
[ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

[X] Concrete [ ] Hollow Tile [X] Wood

[X] Other gypsum board, glass and other allied construction materials.

J. **Status of Construction and Estimated Completion Date:**

Construction of the Project was completed in March 1992.

K. **Project Phases:**

The developer [X] has [ ] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's Present Plans for Future Development:

The Developer, at its option, has the right, but not the obligation, to expand the Project by merging, either through an administrative merger or an ownership merger, the Project with a condominium project ("Phase II") located or to be located on land adjacent to the Project site, and to amend the Declaration to provide for such merger without obtaining the approval, consent or joinder of any owner, mortgagee or purchaser of any apartment, all as set forth in that certain Declaration of Merger of Condominium Phases referred to in Section S of the Declaration.

L. **Sales Documents Filed With the Real Estate Commission:**

Sales documents on file with the Real Estate Commission include but are not limited to:

[X] Notice to Owner Occupants

[X] Specimen Sales Contract, Specimen Addenda to Reservation and Sales Agreement and Specimen V.A. Addendum to Reservation and Sales Agreement.
Exhibit I contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated June 6, 1991, as amended by First Amendment to Escrow Agreement dated November 11, 1991.
Exhibit J contains a summary of the pertinent provisions of the escrow contract.

[X] Other Owner-Occupant Affidavit

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

1. MILILANI TOWN COVENANTS. The Declaration of Condominium Property Regime provides that all present and future apartment owners, tenants and occupants of apartments shall be bound by and subject to the provisions of that certain Declaration of Covenants, Conditions and Restrictions for Mililani Town dated April 19, 1968, filed in the Office of the Assistant Registrar of the Land Court of Hawaii as Document No. 441561, as amended by instrument dated May 22, 1968, filed in said Office as Document No. 445150, and as further amended from time to time (the "Mililani Town Covenants"). The Mililani Town Covenants provide, among other things, that each apartment owner, by virtue of being such an owner, shall be a member of the Mililani Town Association and shall pay assessments to the Mililani Town Association, as set forth in the Mililani Town Covenants.

2. RESTRICTIONS ON USE AND TRANSFER OF THE APARTMENT.

(a) As to Buyers Under Reservation and Sales Agreements (Market Housing) Only: The transfer of the apartment to buyer will be made subject to (and the respective Apartment Deed and Repurchase Option will so provide) the condition that the buyer will use and occupy the apartment as buyer's primary residence for a period of at least one (1) year after the recordation of the Apartment Deed and Repurchase Option (the "Occupancy Period"), and that if buyer fails to do so, Developer shall have the right, in the nature of an option (but shall not be obligated to), repurchase the apartment at a price established as set forth in the respective Apartment Deed and Repurchase Option. The transfer of the apartment to buyer also will be made subject to (and the respective Apartment Deed and Repurchase Option will so provide) certain restrictions on transfer of the apartment, including without limitation, a first option to purchase (at a price established as set forth in the respective Apartment Deed and Repurchase Option) the apartment in favor of the Developer, in the event that buyer attempts to transfer the apartment during the Occupancy Period. Further, if buyer transfers the apartment within one (1) year after the recordation of the Apartment Deed and Repurchase Option, buyer, under certain circumstances set forth in the respective Apartment Deed and Repurchase Option, may have to pay to the Developer all or a portion of the proceeds received upon the transfer of the apartment.

(b) As to Buyers Under Reservation and Sales Agreements (Lower Cost Housing) Only: The Transfer of the apartment to buyer will be made subject to (and the respective Apartment Deed will so provide) the condition that the buyer will use and occupy the apartment as buyer's primary residence for a period of at least one (1) year after the recordation of the Apartment Deed (the "Occupancy Period"). The transfer of the apartment to buyer also will be made subject to (and the respective Apartment Deed will so provide) certain restrictions on transfer of the apartment during the Occupancy Period.

1. RESERVATION OF EASEMENTS. The Developer, among other things, has reserved a nonexclusive easement for mailbox purposes, for park purposes, and for guest parking purposes over and upon the common elements of the Project intended for such purposes (excluding the limited common elements appurtenant to any apartment in the Project), which easement shall be for the benefit of, and appurtenant to the land described in Exhibit "C" of the Declaration; together with the right to grant to the owner or owners from time to time of all or any portion of the land described in said Exhibit "C" and/or any other persons, easements for such purposes over and upon the common elements of the Project intended for such purposes (excluding the limited common elements appurtenant to any apartment in the Project).

2. PARK DECLARATION. The Declaration of Condominium Property Regime provides that all present and future apartment owners, tenants and occupants of apartments shall be bound by and subject to the provisions of that certain Declaration of Restrictive Covenants (Private Park) dated December 19, 1991, filed in the Office of the Assistant Registrar of the Land Court of Hawaii as Document No. 1875447 (the "Park Declaration"). The Park Declaration provides, among other things, that the park area, as shown on the Condominium Map, shall be improved, maintained and used exclusively for private park, playground and recreational purposes by the owners, occupants and tenants of the apartments in the Project and in Kumelewai Court - Phase II.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer are not binding on the prospective buyer. Sales made by the Developer may be binding on the Developer unless the Developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to $250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

1. The Developer delivers to the buyer a copy of:
   a. Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report;
      AND
   b. Any other public report issued by the Commission prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
2. The buyer is given an opportunity to read the report(s); and
3. One of the following has occurred:
   a. The buyer has signed a receipt for the report(s) and waived the right to cancel; or
   b. Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
   c. The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

1. There is a material change in the condominium which directly, substantially, and adversely affects (a) the use or value of the buyer's apartment or its limited common elements; or (b) the amenities available for buyer's use; and
2. The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Condominium Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other Mililani Town Covenants; Declaration of Restrictive Covenants (Private Park); Declaration of Merger of Condominium Phases, as amended.

If these documents are not in final form, the buyer should ask to see the most recent draft.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs, 1010 Richards Street, P. O. Box 541, Honolulu, HI 96809.

This Public Report is a part of Registration No. 2523 filed with the Real Estate Commission on September 24, 1991.

Reproduction of Report. When reproduced, this report must be on:

[ ] yellow paper stock [ ] white paper stock [X] pink paper stock

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the date of issuance unless a Supplementary Public Report is issued or unless the Commission issues an order extending the effective period for the report.

Peter N. Yanagawa

PETER YANAGAWA, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Bureau of Conveyances
Department of Finance, City and County of Honolulu
Planning Department, City and County of Honolulu
Federal Housing Administration

CONDOMINIUM PUBLIC REPORT ON
KUMELEWAI COURT - PHASE I

EXHIBIT G

ENCUMBRANCES AGAINST TITLE

1. For any real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor of the City and County of Honolulu.

2. Certificate and Authorization dated June 21, 1989, filed as Land Court Document No. 1645132, by and between Castle & Cooke, Inc., a Hawaii corporation, and Mililani Town, Inc., a Hawaii corporation.

3. Unilateral Agreement and Declaration for Conditional Zoning dated September 15, 1989, recorded in Liber 23653 at Page 571.

4. Easement 4915 (area 4,044 square feet) for electrical purposes as shown on Maps 788 and 809, as set forth by Land Court Order No. 100009, filed October 31, 1990.

5. Said Easement 4915 is subject to grant of easement dated May 23, 1991, in favor of Hawaiian Electric Company, Inc. and GTE Hawaiian Telephone Company Incorporated, filed as Document No. 1824008 and assigned by Document Nos. 1824009 and 1824010.

6. Designation of Easements 5007, 5011, 5012, 5013 and 5014 as shown on Map 809 as set forth by Land Court Order No. 102896, filed July 5, 1991.

7. Said Easement 5013 is subject to grant of easement dated August 1, 1991 in favor of the Board of Water Supply of the City and County of Honolulu, filed as Document No. 1856580.

8. Grant of easement dated October 14, 1991, filed as Document No. 1867287, in favor of Hawaiian Electric Company, Inc. and GTE Hawaiian Telephone Company Incorporated, to build, construct, reconstruct, rebuild, repair, maintain and operate pullboxes, handholes, etc., for the transmission and distribution of electricity, etc.

9. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Covenants, Conditions and Restrictions for Mililani Town dated April 19, 1968, filed as Document No. 441561, as amended by instrument dated May 22, 1968, filed as Document

No. 445150, as amended by instrument dated December 19, 1991, filed as Document No. 1875445, and as further supplemented and amended.

10. Declaration of Merger of Condominium Phases dated December 19, 1991, filed as Document No. 1875448, as amended by First Amendment to Declaration of Merger of Condominium Phases dated May 7, 1992, filed as Document No. 1910781.

11. Declaration of Restrictive Covenants (Private Park) dated December 19, 1991, filed as Document No. 1875447.

12. Agreement for Issuance of Conditional Use Permit Under Section 4.40-21 of the Land Use Ordinance (LUO) dated December 19, 1991, filed as Document No. 1875446.

13. Declaration of Condominium Property Regime dated December 19, 1991, filed as Document No. 1875449, as amended by First Amendment to Declaration of Condominium Property Regime dated May 7, 1992, filed as Document No. 1910782.

14. By-Laws of the Association of Apartment Owners of Kumelewai Court - Phase I dated December 19, 1991, filed as Document No. 1875450.

CONDOMINIUM PUBLIC REPORT ON
KUMELEWAI COURT - PHASE I

EXHIBIT I

SUMMARY OF SALES AGREEMENT

A specimen Reservation and Sales Agreement (Lower Cost Housing), a specimen Addendum to Reservation and Sales Agreement (Lower Cost Housing), a specimen Second Addendum to Reservation and Sales Agreement (Lower Cost Housing), a specimen Reservation and Sales Agreement (Market Housing), a specimen Addendum to Reservation and Sales Agreement (Market Housing), and a specimen Second Addendum to Reservation and Sales Agreement (Market Housing), together with a specimen Co-Mortgagor Addendum to Reservation and Sales Agreement (Lower Cost Housing) [applicable only to certain buyers who require assistance from Co-Mortgagors for financing purposes] and a specimen V.A. Addendum to Reservation and Sales Agreement [applicable only to buyers who are eligible and apply for Veterans' Administration guaranteed loans] (collectively the "Sales Agreement") have been submitted to the Real Estate Commission and are available in the Sales Office of the Seller. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE SALES AGREEMENT, INCLUDING THE APPLICABLE ADDENDA, IN FULL, since this summary is NOT A COMPLETE DESCRIPTION of their provisions. The Sales Agreement, among other things, covers in more detail the following items:

1. A Sales Agreement executed prior to the issuance of a Final Public Report for the Project shall constitute a "reservation" and not a "binding contract" for the purchase of an apartment. Accordingly, the reservation may be canceled and terminated at any time at the option of either party (and buyer shall receive a refund) until a Final Public Report is issued on the Project, the buyer signs a receipt for the Final Public Report (or is deemed to have receipted for it under the Condominium Property Act), and each of the conditions set forth in Section 514A-62(a) of the Condominium Property Act have been satisfied. Therefore, the buyer should be aware that the execution of a Sales Agreement prior to the issuance of a Final Public Report does not necessarily mean that the buyer will be able to purchase the reserved apartment for the price or on the other terms stated in the Sales Agreement, or on any terms at all.

2. (a) Seller warrants the materials and workmanship of the Apartment against defects for a period of one (1) year from the Closing Date or the date of occupancy (whichever first occurs); provided, however, that said warranty shall in no event be for a period less than one (1) year from the "date of completion" of the Apartment, as that term "date of completion" is defined in Section 507-43 of the Hawaii Revised Statutes. For

purposes of the foregoing warranty, "defects" shall be those items which, as a result of poor workmanship or defective materials used in the construction of the Apartment, reasonably require the repair, renovation, restoration, or replacement of any of the components constituting the Apartment. Items of maintenance relating to the Apartment are not covered by the foregoing warranty.

(b) Seller warrants the materials and workmanship of the common elements of the Project against defects for a period of one (1) year from the date each of the common elements is completed and available for use by apartment owners, or one (1) year from the date the first apartment in the Project is conveyed to an apartment owner other than Seller, whichever is later. For purposes of the foregoing warranty, "defects" shall be those items which, as a result of poor workmanship or defective materials used in the construction of the common elements of the Project, reasonably require the repair, renovation, restoration, or replacement of any of the components constituting the common elements of the Project. Items of maintenance relating to the common elements of the Project are not covered by the foregoing warranty.

(c) Seller's obligations under the foregoing warranties are expressly conditioned on prompt notification by the buyer to Seller of any defects in the materials or workmanship, and are expressly limited to the repair or replacement of defects.

3. Buyer understands and agrees that (a) Seller's obligation to provide landscaping within the common elements of the Project will be deemed fully satisfied upon planting of the plant materials (which need not be in full coverage and maturity) and installation of the irrigation system pursuant to Seller's landscaping plans, as the same may be amended from time to time in Seller's sole discretion; (b) installation of the plant materials and irrigation system may be completed after the Closing Date; (c) full maturity of the plant materials will only be reached over an extended period of time and Seller is not responsible for providing landscaping maintenance to reach full coverage and maturity; and (d) the Association will be responsible for maintaining the landscaping after installation thereof, even if the landscaping has not reached full coverage or maturity.

4. Seller may (but does not have to) cancel the Sales Agreement (a) if the buyer's mortgage loan application is rejected or not approved within 60 days after application, or (b) if the buyer plans to pay the purchase price in cash but Seller is not satisfied for any reason with the buyer's ability to make the cash payments.

5. BUYER AGREES THAT NO ONE (INCLUDING THE SELLER OR ANY SALESPERSON) HAS TALKED TO BUYER AT ALL ABOUT ANY RENTAL INCOME OR RENTAL OR SALES SERVICES FOR BUYER'S APARTMENT. IF BUYER WANTS TO RENT OR SELL THE APARTMENT, HOW BUYER DOES IT WILL BE

UP TO BUYER SUBJECT TO THE RESTRICTIONS CONTAINED IN THE SALES AGREEMENT. BUYER ALSO AGREES THAT NO ONE HAS TALKED TO BUYER AT ALL ABOUT INCOME FROM THE APARTMENT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE PURCHASE OR OWNERSHIP OF THE APARTMENT OR ABOUT THE TAX EFFECTS OF BUYING THE APARTMENT.

6. Buyer will pay for the following closing costs: all of the Escrow fee, all notary fees, all appraisal fees, all recording costs, all charges for buyer's credit report, all costs of preparing any mortgages and promissory notes, and all title insurance costs. Buyer will also pay all mortgage costs. Buyer will also pay a nonrefundable start-up fee which will be held and used by the Seller and the first Managing Agent of the Association as a working capital fund for the benefit of all the apartment owners. Buyer agrees that Seller does not have to pay any start-up fee for any apartment in the Project even if it is owned by Seller. Proration of Mililani Town Association assessments, maintenance charges and other common expenses, and real property taxes will be made as of the scheduled Closing Date.

7. The buyer agrees that buyer may not transfer the Sales Agreement or any of buyer's rights or interests under the Sales Agreement without first getting Seller's written consent (which Seller may withhold in its sole and absolute discretion).

8. Buyer understands that Seller has agreed with the Housing Finance and Development Corporation of the State of Hawaii ("HFDC") that Seller will offer for a period of one hundred twenty (120) days from the issuance of the Preliminary Public Report selected apartments in the Project (each of said apartments hereinafter referred to as a "Lower Cost Housing Apartment") for sale only to "Moderate Income Purchasers" as that term is defined below. If buyer is purchasing a Lower Cost Housing Apartment, buyer represents to Seller that buyer is a "Moderate Income Purchaser". The term "Moderate Income Purchaser" as used herein means an owner-occupant whose income (including the income of all members of such buyer's household) is greater than 120% but does not exceed 140% of the median income (adjusted for family size) for the City and County of Honolulu, as most recently determined by the United States Department of Housing and Urban Development. The following are such income limits (as of April, 1991) by family size for the Project:

Family Size	Median	120% Income Limit	140% Income Limit
1	$30,590	$36,710	$42,830
2	34,960	41,950	49,940
3	39,330	47,200	55,060
4	43,700	52,440	61,180
5	48,070	57,680	67,300

If Seller or HFDC shall determine that buyer is not a "Moderate Income Purchaser", as designated in Article II of the Reservation and Sales Agreement (Lower Cost Housing), Seller shall have the right to cancel the Sales Agreement at any time. If Seller cancels the Sales Agreement as aforesaid, Seller will tell Escrow to give buyer back all of buyer's payments, without interest, and neither party will have any other obligations under the Sales Agreement or relating to the Project. Buyer shall be responsible for the escrow cancellation fee and all other costs associated with the purchase, up to a maximum of $250.00.

9. That certain Declaration of Merger of Condominium Phases filed or to be filed in the Office of the Assistant Registrar of the Land Court of Hawaii (hereinafter called the "Declaration of Merger"), among other things, gives Seller the right, in its sole and absolute discretion, to cause and effect an administrative merger of the Project with a condominium project ("Kumelewai Court - Phase II") located or to be located on land adjacent to the Project, as part of the same incremental plan of development of the Project, such that the use of the respective common elements, the respective common expenses and the management of the respective affairs of the Project and Kumelewai Court - Phase II are shared, and the administration of the Project and Kumelewai Court - Phase II is unified under one association of apartment owners, but the ownership interests of the apartment owners of the Project and Kumelewai Court - Phase II are not altered or affected. The Declaration of Merger also gives the Seller the right to cause and effect an ownership merger of the Project and Kumelewai Court - Phase II, as an alternative to an administrative merger of the Project and Kumelewai Court - Phase II, to provide for the common ownership of the Project and Kumelewai Court - Phase II by all of the apartment owners of the Project and Kumelewai Court - Phase II all as set forth in the Declaration of Merger. Upon an ownership merger, all of the apartments in the Project and in Kumelewai Court - Phase II shall be treated as though they were all included in a single condominium project (the "Merged Project"), all common elements of the Project and Kumelewai Court - Phase II will become the common elements of the Merged Project, and the common interest appurtenant to the Apartment shall be altered from the percentage set forth in Article I of the Sales Agreement to a percentage as set forth in the "Certificate of Ownership Merger" filed by the Seller, in accordance with the Declaration of Merger. Nothing herein will be deemed to require Seller to develop Kumelewai Court - Phase II or to merge Kumelewai Court - Phase II into the Project, or to prohibit Seller from dealing with any lands adjacent to the Project not merged with the Project, including without limitation, developing all or any part of such lands for purposes inconsistent with the merger of such lands into the Project.

10. (a) <u>As to Buyers Under Reservation and Sales Agreements (Market Housing) Only</u>: The transfer of the Apartment

to buyer will be made subject to (and the respective Apartment Deed and Repurchase Option will so provide) the condition that buyer will use and occupy the Apartment as buyer's primary residence for a period of at least one (1) year after the recordation of the Apartment Deed and Repurchase Option (the "Occupancy Period"), and that if buyer fails to do so, Seller shall have the right, in the nature of an option (but shall not be obligated to), repurchase the Apartment at a price established as set forth in the respective Apartment Deed and Repurchase Option. The transfer of the Apartment to buyer also will be made subject to (and the respective Apartment Deed and Repurchase Option will so provide) certain restrictions on transfer, including, without limitation, a first option to purchase (at a price established as set forth in the respective Apartment Deed and Repurchase Option) the Apartment in favor of Seller in the event buyer attempts to transfer the Property during the Occupancy Period. Further, if buyer transfers the Apartment within one (1) year after the recordation of the Apartment Deed and Repurchase Option, buyer, under certain circumstances set forth in the respective Apartment Deed and Repurchase Option, may have to pay to Seller all or a portion of the proceeds received upon the transfer of the Apartment.

(b) As to Buyers Under Reservation and Sales Agreements (Lower Cost Housing) Only: The transfer of the apartment to buyer will be made subject to (and the respective Apartment Deed will so provide) the condition that the buyer will use and occupy the apartment as buyer's primary residence for a period of at least one (1) year after the recordation of the Apartment Deed (the "Occupancy Period"). The transfer of the apartment to buyer also will be made subject to (and the respective Apartment Deed will so provide) certain restrictions on transfer of the apartment during the Occupancy Period.

11. Seller has given and/or may give to one or more lenders a mortgage or mortgages, security agreement or agreements, and other instruments securing repayment of loan(s) and covering Seller's ownership rights in the Project, including the individual apartments. All of the rights and interests which Seller gives to the lender or lenders will have priority over the buyers' rights and interests under the Sales Agreements. This applies to any changes in the loan or loans or the mortgage or mortgages, security agreement or agreements or other instruments (including, among other things, extensions, renewals and other changes). The buyers give up and subordinate the priority of their rights and interests under the Sales Agreements in favor of the rights and interests of Seller's lenders until the final closing and delivery of signed apartment deeds to the buyers. If Seller's lender or lenders ask the buyers to do so, the buyers will sign other documents to confirm the promises and agreements mentioned above.

12. (a) As to Buyers Under Reservation and Sales Agreements (Market Housing) Only: The buyer understands and

acknowledges that the Project is located in the vicinity of Wheeler Air Force Base (the "Base"), and that aircraft from the Base may fly in the proximity of or directly over the Property or the Project, and that military activities will be conducted on or near the Base. Buyer acknowledges and understands that such overflights and other military activities may result in noise, dust, vibration, and other nuisances, disturbances or hazards to persons and property on or within the Property or the Project. Buyer represents and warrants to Seller that buyer, in buyer's sole discretion, has determined that the benefits of owning and enjoying the Property outweigh such risks. Buyer covenants and agrees to assume all risks of impairment of the use and enjoyment of the Property or the Project, loss of market value of the Property, and property damage or personal injury arising from such overflights and from other military-related activities, and buyer shall indemnify and hold Seller, its successors and assigns, the City and County of Honolulu, the State of Hawaii, and the United States of America, and any agency or subdivision of the foregoing, harmless from any and all liability, claims, losses, damages, or expenses, including attorneys' fees, arising from such impairment of the use and enjoyment of the Property or the Project, loss of market value of the Property, or property damage or personal injury to the property or person of buyer, or buyer's tenants, lessees, family, servants, guests, invitees, licensees, agents, employees, or other persons who may use the Property or the Project. Buyer irrevocably agrees to suffer and permit all actions and consequences incidental to the overflights and operation or use of the Base and military activities on or near the Base.

(b) <u>As to Buyers Under Reservation and Sales Agreements (Lower Cost Housing) Only</u>: The buyer understands and acknowledges that the Project is located in the vicinity of Wheeler Air Force Base (the "Base"), and that aircraft from the Base may fly in the proximity of or directly over the Property or the Project, and that military activities will be conducted on or near the Base. Buyer acknowledges and understands that such overflights and other military activities may result in noise, dust, vibration, and other nuisances, disturbances or hazards to persons and property on or within the Property or the Project. Buyer represents and warrants to Seller that buyer, in buyer's sole discretion, has determined that the benefits of owning and enjoying the Property outweigh such risks. Buyer covenants and agrees to assume all risks of impairment of buyer's use and enjoyment of the Property or the Project, loss of market value of the Property, and property damage or personal injury arising from such overflights and from other military-related activities, and buyer shall indemnify and hold Seller, its successors and assigns, the City and County of Honolulu, the State of Hawaii, and the United States of America, and any agency or subdivision of the foregoing, harmless from any and all liability, claims, losses, damages, or expenses, including attorneys' fees, arising from such impairment of buyer's use and enjoyment of the Property or the Project, loss of market value of

the Property, or property damage or personal injury to the property or person of buyer, or buyer's tenants, lessees, family, servants, guests, invitees, licensees, agents, employees, or other persons who may use the Property or the Project. Buyer irrevocably agrees to suffer and permit all actions and consequences incidental to the overflights and operation or use of the Base and military activities on or near the Base.

13. (a) As to Buyers Under Reservation and Sales Agreements (Market Housing) Only: The buyer understands and acknowledges that the Project is located in the vicinity of lands and easements used for the cultivation of pineapple and diversified agricultural operations, including without limitation, trucking, plowing, hauling, fertilizing, grading, storing, herbicide and pesticide spraying, crop dusting, water diversion, irrigation, and all other activities incidental to the planting, cultivating, harvesting and processing of crops, which may from time to time cause surface water runoff, noise, soot, smoke, dust, light, heat, vapors, odors, chemicals, vibrations, and other substances and phenomena of every description (collectively, the "Agricultural Effects") to be discharged, emitted, or transmitted over and upon the Property or the Project which may bother or be a nuisance to the buyer and any person occupying or using the Property. The buyer also acknowledges that the Hawaii Right to Farm Act (Chapter 165 of the Hawaii Revises Statutes) and Hawaii law limit the circumstances under which farming operations may be deemed to be a nuisance. Buyer represents and warrants to Seller that buyer, in buyer's sole discretion, has determined that the benefits of owning and enjoying the Property outweigh such risks. Buyer covenants and agrees to assume all risks of impairment of the use and enjoyment of the Property or the Project, loss of market value of the Property, and property damage or personal injury arising from the Agricultural Effects, and buyer shall indemnify and hold Seller, its successors and assigns, harmless from any and all liability, claims, losses, damages, or expenses, including attorneys' fees, arising from such impairment of the use and enjoyment of the Property or the Project, loss of market value of the Property, or property damage or personal injury to the property or person of the buyer, or buyer's tenants, lessees, family, servants, guests, invitees, licensees, agents, employees, or other persons who may use the Property or the Project. Buyer irrevocably agrees to suffer and permit all actions and consequences incidental to the Agricultural Effects.

(b) As to Buyers Under Reservation and Sales Agreements (Lower Cost Housing) Only: The buyer understands and acknowledges that the Project is located in the vicinity of lands and easements used for the cultivation of pineapple and diversified agricultural operations, including without limitation, trucking, plowing, hauling, fertilizing, grading, storing, herbicide and pesticide spraying, crop dusting, water diversion, irrigation, and all other activities incidental to the planting, cultivating, harvesting and

processing of crops, which may from time to time cause surface water runoff, noise, soot, smoke, dust, light, heat, vapors, odors, chemicals, vibrations, and other substances and phenomena of every description (collectively, the "Agricultural Effects") to be discharged, emitted, or transmitted over and upon the Property or the Project which may bother or be a nuisance to the buyer and any person occupying or using the Property. The buyer also acknowledges that the Hawaii Right to Farm Act (Chapter 165 of the Hawaii Revises Statutes) and Hawaii law limit the circumstances under which farming operations may be deemed to be a nuisance. Buyer represents and warrants to Seller that buyer, in buyer's sole discretion, has determined that the benefits of owning and enjoying the Property outweigh such risks. Buyer covenants and agrees to assume all risks of impairment of buyer's use and enjoyment of the Property or the Project, loss of market value of the Property, and property damage or personal injury arising from the Agricultural Effects, and buyer shall indemnify and hold Seller, its successors and assigns, harmless from any and all liability, claims, losses, damages, or expenses, including attorneys' fees, arising from such impairment of buyer's use and enjoyment of the Property or the Project, loss of market value of the Property, or property damage or personal injury to the property or person of the buyer, or buyer's tenants, lessees, family, servants, guests, invitees, licensees, agents, employees, or other persons who may use the Property or the Project. Buyer irrevocably agrees to suffer and permit all actions and consequences incidental to the Agricultural Effects.

14. (a) <u>As to Buyers Under Reservation and Sales Agreements (Market Housing) Only</u>: The buyer understands and acknowledges that the Project is located adjacent to or in the vicinity of a proposed elementary school, Kumelewai Court - Phase II and other proposed construction and development projects (collectively, the "Proposed Development"), and that (a) construction of the Proposed Development will or may result in noise, dust, vibration and other nuisances, disturbances or hazards to persons and property on or within the Property or the Project, and (b) when completed, noise, dust, vibration and other nuisances, disturbances or hazards to persons and property on or within the Property of the Project may be generated from the Proposed Development. Buyer represents and warrants to Seller that buyer, in buyer's sole discretion, has determined that the benefits of owning and enjoying the Property outweigh such risks. Buyer covenants and agrees to assume all risks of impairment of the use and enjoyment of the Property or the Project, loss of market value of the Property, and property damage or personal injury arising from such construction, development and operation of the Proposed Development and related activities, and buyer shall indemnify and hold Seller, its successors and assigns, harmless from any and all liability, claims, losses, damages, or expenses, including attorneys' fees, arising from such impairment of the use and enjoyment

of the Property or the Project, loss of market value of the Property, or property damage or personal injury to the property or person of the buyer, or buyer's tenants, lessees, family, servants, guests, invitees, licensees, agents, employees, or other persons who may use the Property or the Project. Buyer irrevocably agrees to suffer and permit all actions and consequences incidental to the construction, development and operation of the Proposed Development.

(b) As to Buyers Under Reservation and Sales Agreements (Lower Cost Housing) Only: The buyer understands and acknowledges that the Project is located adjacent to or in the vicinity of a proposed elementary school, Kumelewai Court - Phase II, and other proposed construction and development projects (collectively, the "Proposed Development"), and that (a) construction of the Proposed Development will or may result in noise, dust, vibration and other nuisances, disturbances or hazards to persons and property on or within the Property or the Project, and (b) when completed, noise, dust, vibration and other nuisances, disturbances or hazards to persons and property on or within the Property of the Project may be generated from the Proposed Development. Buyer represents and warrants to Seller that buyer, in buyer's sole discretion, has determined that the benefits of owning and enjoying the Property outweigh such risks. Buyer covenants and agrees to assume all risks of impairment of buyer's use and enjoyment of the Property or the Project, loss of market value of the Property, and property damage or personal injury arising from such construction, development and operation of the Proposed Development and related activities, and buyer shall indemnify and hold Seller, its successors and assigns, harmless from any and all liability, claims, losses, damages, or expenses, including attorneys' fees, arising from such impairment of buyer's use and enjoyment of the Property or the Project, loss of market value of the Property, or property damage or personal injury to the property or person of the buyer, or buyer's tenants, lessees, family, servants, guests, invitees, licensees, agents, employees, or other persons who may use the Property or the Project. Buyer irrevocably agrees to suffer and permit all actions and consequences incidental to the construction, development and operation of the Proposed Development, for a period of ten (10) years after the date of recordation of the Apartment Deed.

NOTE: ALL BUYERS SHOULD READ THE SALES AGREEMENT IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE SALES AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE SALES AGREEMENT, AND DOES NOT ALTER OR AMEND THE SALES AGREEMENT IN ANY MANNER.