



REAL ESTATE COMMISSION
 STATE OF HAWAII
 DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
 PROFESSIONAL AND VOCATIONAL LICENSING DIVISION
 250 S. King Street, Room 702
 Honolulu, Hawaii 96813

CONDOMINIUM PUBLIC REPORT
 HALELANI VILLAGE AT PUHI, PHASE I
 CORNER OF HANALIMA ROAD AND PUHI ROAD
 LIHUE, DISTRICT OF PUNA, ISLAND AND COUNTY OF KAUAI, STATE OF HAWAII

Registration No. 2694

Issued: September 21, 1992
 Expires: October 21, 1993

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of August 25, 1992, and 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 has been 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 _____

- SUPPLEMENTARY:**
(pink) Updates information contained in the
 - Prelim. Public Report dated _____
 - Final Public Report dated _____
 - Supp. Public Report dated _____

- And
 - Supersedes all prior public reports
 - Must be read together with _____
 - This report reactivates the _____ public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, 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 reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the Commission.

Changes made are as follows:

SPECIAL ATTENTION:

Per a Deposit Receipt, Offer and Acceptance ("DROA") contract, Schuler Homes, Inc. ("Developer") has options to buy approximately 67.8 acres of land from Grove Farm Properties, Inc. ("Fee Owner"). The 6.22 acres in this Phase I is a part of the 67.8 acres. Developer anticipates that before issuance of the Final Public Report, the 6.22 acres will be subdivided and title conveyed to Developer. However, purchasers should understand that until such time Developer acquires title, any contracts for the purchase of condominium units shall be subordinate to the DROA, which means that if the Developer does not exercise its option or defaults thereunder and the DROA is terminated, purchasers of condominium units could likewise find their contracts terminated. However, they will still be entitled to a refund of deposits, as buyers' funds will not be used before a final public report is issued.

THIS IS AN AFFORDABLE HOUSING PROJECT. Note that there are certain eligibility and buy-back provisions applicable to apartments in this Phase I. See page 18 and Exhibits I and J of this public report for additional information.

This phase is contemplated as the first of five phases that may ultimately be merged. See page 17 of this public report for additional information.

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GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's "Condominium Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owner/tenant) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements. The leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

Common elements are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called limited common elements and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged, or encumbered, and they may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

- Fee simple interest in an apartment and an undivided fee simple interest in the common elements.
- Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
- Fee simple interest in an apartment and an undivided leasehold interest in the common elements.

Types of Project:

- 1. New Building(s) Conversion
 Both new Building(s) and Conversion
- 2. Residential Commercial Ohana
 Mixed Residential and Commercial Agricultural
 Other _____
- 3. High Rise (5 stories or more) Low Rise
- 4. Single or Multiple Buildings
- 5. Apartment Description

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
A	32	2/1-1/2	750	90
A-1	24	2/1-1/2	750	90
B	16	2/2	750	70
B-1	32	2/2	750	70
D	12	2/1	650	84

Total Apartments: 116

**Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.*

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>232</u>
Guest Stalls	<u>30</u>
Unassigned Stalls	<u> </u>
Extra Stalls Available for Purchase	<u> </u>
Other: Car Wash Area	<u>1</u>
Total Parking Stalls	<u>263</u>

7. Recreational amenities:

Recreation Center building

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Schuler Homes, Inc.
Name

Phone: 521-5661
(Business)

1001 Bishop Street, Pacific Tower, Suite 1060
Business Address

Honolulu, Hawaii 96813

Names of officers or general partners of developers who are corporations or partnerships:

James K. Schuler, President; Secretary; Treasurer
Michael T. Jones, Executive Vice President
Pamela S. Jones, Vice President of Finance
Thomas A. Bevilacqua, Assistant Secretary

Real Estate Broker: Prosser Realty, Inc.
Name

Phone: 245-4711
(Business)

4379 Rice Street
Business Address

Lihue, Kauai, Hawaii 96766

Escrow: Security Title Corporation
Name

Phone: 521-9511
(Business)

1001 Bishop Street, Pacific Tower, Suite 1200
Business Address

Honolulu, Hawaii 96813

General Contractor: Bay Pacific, Inc.
Name

Phone: 246-9477
(Business)

3501 Rice Street, Suite 207
Business Address

Lihue, Kauai, Hawaii 96766

Condominium Managing Agent: Chaney Brooks & Company
Name

Phone: 544-1600
(Business)

606 Coral Street, P. O. Box 212
Business Address

Honolulu, Hawaii 96813

Attorney for Developer: Ronald W. K. Yee
Name

Phone: 536-3451
(Business)

1000 Bishop Street, Suite 303
Business Address

Honolulu, Hawaii 96813

**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 _____
 Filed - Land Court - Document No. _____

Amendment date (s) and recording/filing information:

- 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. _____
 Filed - Land Court Condo Map No. _____

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 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 _____
 Filed - Land Court - Document No. _____

Amendment date (s) and recording/filing information:

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

D. **House Rules.** The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial house rules are usually adapted by the developer.

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>	
Declaration (and Condo Map)	75%	_____ 75% _____	* Amendments to certain provisions which give rights to the Declarant can only be amended with Declarant's consent.
Bylaws	65%	_____ 65% _____	
House Rules	---	Majority vote of Association or Board of Directors	

The percentages for individual condominium projects may be more than the minimum set by law.

2. **Developer:**

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules

A. Prior to the conveyance of any apartment in the Condominium, the Developer may amend the aforesaid condominium documents to reflect changes in the Condominium and the apartments and common and limited common elements as long as such changes do not materially diminish the value of any apartment or jeopardize a purchaser's loan commitment.

B. Upon completion of the Condominium, the Developer may amend the Condominium Declaration to file the "as built" verified statement required by Section 514A-12 of the Horizontal Property Act.

C. The Developer may amend the aforesaid condominium documents to subject the Condominium to an FHA Regulatory Agreement and/or to conform the Condominium to the requirements of the VA Home Loan Guarantee Program and FHA Home Loan Programs.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- [X] Fee Simple: Individual apartments and the common elements which includes the underlying land will be in fee simple.
[] Leasehold or Subleasehold: Individual apartments and the common elements which includes the underlying land will be leasehold.

The leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____
Rent Renegotiation Date(s): _____

Lease Rent Payable: [] Monthly [] Quarterly
[] Semi-Annually [] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per [] Month [] Year.

- [] Individual Apartments in Fee Simple Common Interest in the Underlying Land in Leasehold or Subleasehold:

The leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners - tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____
Rent Renegotiation Date(s): _____

Lease Rent Payable: [] Monthly [] Quarterly
[] Semi-Annually [] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per [] Month [] Year.

- [] Other:

For Subleaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and the fee owner is
 Canceled 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 canceled or foreclosed.

B. Underlying Land:

Address: Corner of Hanalima Road and Puhi Road Tax Map Key: 3-3-3:01 (por.)
(TMK)

Address TMK is expected to change because the project has not yet been assigned a street address: a separate parcel number will be assigned for the site of this Condominium Project.

Land Area: 6.22, more or less square feet acre(s) Zoning: R-10

Fee Owner: Grove Farm Company, Inc.
Name

Post Office Box 2069, Puhi Rural Branch
Address

Lihue, Kauai, Hawaii 96766-2069

Purchaser-Developer: Schuler Homes, Inc.
Name

1001 Bishop Street, Pacific Tower, Suite 1060
Address

Honolulu, Hawaii 96813

C. Buildings and Other Improvements:

1. New Building(s) Conversion of Existing Building(s)
 Both New Building(s) and Conversion
2. Buildings: 11 Floors Per Building 2
 Exhibit B contains further explanations.
3. Principle Construction Material:
 Concrete Hollow Tile Wood
 Other glass

4. Permitted Uses by Zoning:

	No. of Apts.	Use Determined By Zoning		No. of Apts.	Use Determined By Zoning
<input type="checkbox"/> Commercial	_____	_____	<input type="checkbox"/> Industrial	_____	_____
<input checked="" type="checkbox"/> Residential	<u>116</u>	<u>yes</u>	<input type="checkbox"/> Agricultural	_____	_____
<input type="checkbox"/> Timeshare/Hotel	_____	_____	<input type="checkbox"/> Recreational	_____	_____
<input type="checkbox"/> Other: _____	_____	_____		_____	_____

Is/Are this/these use(s) specifically permitted by the project's declaration or bylaws?

Yes No

5. Special Use Restrictions:

The Declaration, Bylaws, and House Rules may contain restrictions on the use and occupancy of apartments. Restrictions for this condominium project include but are not limited to:

Pets: Dogs, cats and other household pets are permitted, subject to Halelani Village at Puhi Rules and Regulations.

Number of Occupants: 2 persons per bedroom, not including children under the age of 5, but no more than 3 occupants per bedroom including children under the age of 5.

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators 0 Stairways 29 Trash Chutes 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)
<u>A</u>	<u>32</u>	<u>2/1-1/2</u>	<u>750</u>	<u>90</u>
<u>A-1</u>	<u>24</u>	<u>2/1-1/2</u>	<u>750</u>	<u>90</u>
<u>B</u>	<u>16</u>	<u>2/2</u>	<u>750</u>	<u>70</u>
<u>B-1</u>	<u>32</u>	<u>2/2</u>	<u>750</u>	<u>70</u>
<u>D</u>	<u>12</u>	<u>2/1</u>	<u>650</u>	<u>84</u>
_____	_____	_____	_____	_____

Total Apartments: 116

**Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.*

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

Net living area of the enclosed portion of the apartment measured from the interior surfaces of the apartment perimeter walls, plus the lanai area.

Permitted Alterations to Apartments:

Unless otherwise prohibited by the Condominium Declaration, the By-Laws or the Condominium Property Act, an Apartment Owner may make additions, alterations or improvements solely within his or her apartment or within a limited common element appurtenant to his or her apartment at his or her sole cost and expense; provided, however, that no Owner may do any work to his or her Apartment which could jeopardize the soundness or safety of any part of the Condominium, reduce the value thereof, or impair any easement or hereditament; nor may any Owner add any material structure without in every such case the consent of seventy-five percent (75%) of the Owners being first obtained, including the consent of all owners whose apartments or limited common elements appurtenant thereto are directly affected. The installation of solar energy devices, as defined by H.R.S. Section 468B-1 shall require approval only by the Board. Lanais may not be enclosed.

7. Parking Stalls:

Total Parking Stalls: <u>263</u>					
		<u>Regular</u>	<u>Compact</u>	<u>Tandem</u>	
		<u>covered</u> <u>open</u>	<u>covered</u> <u>open</u>	<u>covered</u> <u>open</u>	<u>TOTAL</u>
Assigned (for individual units)		<u>149</u> 2 HC	<u>71</u>	<u>10*</u>	<u>232</u>
Guest Unassigned		<u>26</u>		<u>4</u>	<u>30</u>
Extra Available for Purchase					
Other:		<u>1</u>			<u>1</u>
Total Covered & Open		<u>178</u>	<u>71</u>	<u>14</u>	

* All Compact

Each apartment will have the exclusive use of at least 2 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit B contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute

Other: Trash receptacle areas (9); (1) parking stall set aside for car wash area

9. Present Condition of Improvements

(For conversions of residential apartments in existence for at least five years):

a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

N/A

b. Compliance With Building Code and Municipal Regulations: Cost to Cure Violations

N/A

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u> X </u>	<u> </u>	<u> </u>
Structures	<u> X </u>	<u> </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </u>

If a variance has been granted or if its uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit A describes the common elements.

As follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which may use them are:

described in Exhibit B

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

Exhibit C describes the common interests for each apartment.

As follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property.

Exhibit D describes the encumbrances against the title contained in the title report dated July 24, 1992 and issued by Security Title Corporation.

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

There are no blanket liens affecting title to the individual apartments.

There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Although the Developer has not yet obtained an interim construction loan, it is expected to obtain one which will be secured by a mortgage of the Project.	Buyer may not be able to obtain the apartment, but Buyer's deposits will be refunded.

See SPECIAL ATTENTION on page 2. Developer does not yet own the property but has the option to purchase it.

F. Management of the Common Elements: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a managing agent to assist the Association in managing the condominium project.

Initial Managing Agent: When the developer's affiliate is the initial managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial managing agent for this condominium is:

not affiliated with the Developer.

the Developer or the Developer's affiliate.

self-managed by the Association of Apartment Owners.

other _____

G. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided to each apartment.

Exhibit E contains a schedule of maintenance fees and maintenance fee disbursements.

H. Utility Charges for Apartments:

Each Apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

Not applicable

Electricity (Common areas only)

Television Cable

Gas

Water and Sewer

Other Refuse collection

I. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

The Developer's sole warranty is described in Exhibit F attached hereto.

2. Appliances:

Developer makes no warranty as to appliances or other consumer products installed in any apartment or in the common elements. If there are any applicable manufacturer's or dealer's warranties, Developer will endeavor to pass on such warranties to purchasers.

J. Status of Construction and Estimated Completion Date:

Construction estimated to start by August 15, 1992. The estimated completion date for the Project is May 31, 1993.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

This condominium is the first phase of an overall project expected to consist of five (5) phases containing a total of 504 apartment units. The multi-family building types and apartment unit types in all of the phases contemplated are expected to be substantially the same, although the mix of building unit types and apartment unit types may vary.

As each phase is developed, the Developer has reserved the right to merge it with previously developed phases in a manner that will allow all merged phases to share the common elements in all phases and to have a common, unified administration under one Association of Owners. Each merged phase will remain a legally separate and distinct condominium.

The right to effect such "Administrative Merger" has been reserved to the Developer for a period of five (5) years from the date of the Declaration for this Phase I. After that period, a merger of phases can only be accomplished with the consent and participation of the apartment owners.

The Developer is not required to follow the overall plan of development and merger.

L. Sales Documents Filed With the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

Exhibit G contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated July 6, 1992

Exhibit H contains a summary of the pertinent provisions of the escrow contract.

Other _____

ADDITIONAL INFORMATION NOT COVERED ABOVE

The Halelani Village At Puhi, Phase I Project is being developed and marketed in cooperation with the Kauai County Housing Agency ("KCHA"), an agency of the County of Kauai (the "County"), and is intended to make available affordable housing to would-be purchasers with incomes that do not exceed 140% of the median income (adjusted for family size) for the County of Kauai ("Gap Group Income Purchasers"). As a result, units in the Project will be sold at prices below the market value of comparable housing units as determined by KCHA and the Developer, and the units will be made available only to persons who qualify as Gap Group Income Purchasers. The prices of units will range from \$79,000.00 to \$126,000.00.

In addition, to be eligible to purchase a unit in the Project, an applicant for purchase must:

1. Be a U.S. citizen or permanent resident alien;
2. Be a bona fide resident of the State of Hawaii;
3. Be at least 18 years of age;
4. Must not own property anywhere that is suitable for dwelling unit purposes;
5. Must not have purchased a dwelling unit from the County before;
6. Represent that the applicant intends to become an owner-occupant and agree that the unit will be occupied by the applicant and will not be rented;
7. Submit personal information, including income tax returns, by which KCHA will evaluate the applicant's eligibility to purchase.

A description of the eligibility requirements and the required personal information, representation and agreements are specifically contained in an "Owner-Occupant Affidavit" form and a "Housing Application" form, both of which must be filled-in and executed by all prospective purchasers. These forms, together with an instruction sheet, are attached to this Report as Exhibit "I". PROSPECTIVE PURCHASERS ARE URGED TO REVIEW THESE FORMS BEFORE APPLYING TO PURCHASE A UNIT IN THE PROJECT.

Prospective purchasers should also be aware that because of the advantageous pricing of units and in order to enforce the owner-occupant agreement of the purchaser, each deed to an apartment unit will contain restrictions on the use, occupancy and transfer of the unit and a "buy-back" option in favor of the County which will remain in force for a period of either 10 years or 1 year. In essence, the deed restrictions and option provide that during the period of time prescribed in the deed, if the purchaser wishes to resell the unit, or if the purchaser leases or rents the unit, or if the purchaser ceases to use the unit as the purchaser's principal residence, the KCHA will have the option to buy back the unit at a limited price equal to: (i) the original purchase price of the unit, plus (ii) the original cost of improvements to the unit made by the purchaser, plus (iii) interest on the purchaser's original equity in the unit at the rate of seven percent (7%) per annum. The full text of the restriction and option in favor of the County is attached to this Report as Exhibit "J" and is also contained in the "Specimen Deed" submitted with this Condominium Registration. PROSPECTIVE PURCHASERS ARE URGED TO REVIEW AND CONSIDER WITH CARE THE FULL TEXT OF THE RESTRICTION AND OPTION PROVISIONS SET FORTH IN EXHIBIT "J" AND THE SPECIMEN DEED.

To implement the marketing program, eligible applicants for purchase will be divided into 2 categories or groups based on their income level and family size. Similarly, the apartment units available for purchase will be divided into 2 price range groups with price variations for apartments within each group being based on type and location within the Project. In addition, the prescribed period of time during which the deed restrictions on use, occupancy and transfer and the buy-back option in favor of the County will remain in effect will differ for the 2 price range groups. The purchaser income level groups and the restriction and buy-back option periods for the corresponding apartment unit groups are as follows:

Purchaser:	Group "A"	Group "B"
<u>Family Size</u>	<u>80% of median income and below</u>	<u>120% of median income and below</u>
1	\$20,250	\$30,400
2	\$23,150	\$34,750
3	\$26,050	\$39,100
4	\$28,950	\$43,450
5	\$30,750	\$46,150
Restriction and Option Period:	10 years	1 year

Subject to availability, and eligible purchaser will be allowed to select and purchase as apartment unit in the price range group that corresponds to the purchaser's income level group or a unit in a higher price range group. However the prospective purchaser will not be allowed to purchase an apartment in a lower price range group. For instance, a prospective purchaser in Group "A" will be allowed to purchase a unit in either Group "A" or Group "B", but a prospective purchaser in Group "B" may only purchase a unit in Group "B". PROSPECTIVE PURCHASERS SHOULD BE AWARE THAT THERE ARE A CERTAIN NUMBER OF APARTMENT UNITS IN EACH PRICE RANGE GROUP. WHEN ALL UNITS IN A CERTAIN PRICE RANGE GROUP HAVE BEEN SOLD, NO FURTHER UNITS WILL BE AVAILABLE IN THAT GROUP.

As set forth in Exhibit "I", PROSPECTIVE PURCHASERS SHOULD ALSO BE AWARE THAT AFTER ELIGIBILITY TO PURCHASE HAS BEEN DETERMINED, THE ORDER OF PRIORITY FOR SELECTING A UNIT TO PURCHASE WILL BE DETERMINED BY A LOTTERY. Prospective purchasers are not required to attend the lottery, and the results of the Lottery will be mailed.

In addition, preference will be given to certain prospective purchasers, to wit:

1. Employees of Grove Farm Company, Inc. and its affiliated companies as 15% of the units;
2. Residents of the County of Kauai;
3. Larger families;
4. Persons displaced by County government action;
5. Handicapped persons as to 5% of the units; and
6. Single parents or single heads of households as to 5% of the units.

Buyer's Right to Cancel Sale 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, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other Specimen Apartment Deed

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

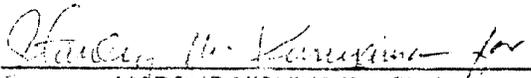
Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107)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

This Public Report is part of Registration No. 2694 filed with the Real Estate Commission on July 31, 1992.

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

yellow paper stock white paper stock 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.



MARCUS NISHIKAWA, Chair
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Department of Finance, County of Kauai
Planning Department, County of Kauai
Federal Housing Administration

EXHIBIT "A"

COMMON ELEMENTS: The proposed Condominium Declaration states that the common elements consist of:

(a) The Land in fee simple, together with and subject to such easements, rights and restrictions as are set forth in Exhibit "A" to the proposed Declaration.

(b) All foundations, floor slabs, columns, girders, beams, supports, load-bearing walls, main walls, interior walls separating adjacent apartments in the same building (except the inner decorated surfaces of such walls), and roofs of the buildings; all exterior stairs, stairways, landings and railings (except lanai railings); and other building appurtenances, including but not limited to, the electrical cabinets and compartments for waterheaters located on the exteriors of the buildings.

(c) All yards, grounds, landscaping, fences (including those fences which enclose the limited common element yard areas adjoining ground floor apartments) and trash enclosures (as shown on the proposed Condominium Map).

(d) All sidewalks, pathways, parking areas, parking stalls (including 30 "Guest" parking stalls and 1 extra parking stall for car wash use as designated in Exhibit "B" hereto), loading zones (designated as such on the proposed Condominium Map), driveways and roads within the proposed Condominium.

(e) All ducts, electrical equipment, transformers, wiring and other central and appurtenant installations for power, light, water, sewer, gas and telephone; all pipes, plumbing, wires, conduits or other utility or service lines, which are used by or serve more than one apartment, including any such lines that run through any apartment; and central air conditioning and like central utilities, if installed.

(f) All the benefits, if any, inuring to the Land or to the Project from all easements shown on the proposed Condominium Map or listed in the proposed Condominium Declaration.

(g) All other portions of the land and improvements that are not specifically designated for use by one or more specific apartments, but which are intended for common use, and all other devices and installations the use of which exists for, is rationally allocated to or is necessary to the existence, upkeep and safety of more than one apartment or the proposed Condominium Project as a whole.

EXHIBIT "B"

LIMITED COMMON ELEMENTS: Certain parts of the common elements, called "limited common elements", are set aside and reserved for the exclusive use of certain Apartments. The limited common elements are as follows:

- 1) Each Apartment Unit has appurtenant to it at least two parking stalls. The Condominium Map identifies each stall by a parking stall number. The Condominium Map also indicates compact size stalls with the letter "C" to distinguish them from regular size stalls. In the following list of parking stall assignments, the letter "C" is also used to indicate compact size stalls, the letter "T" is used to indicate a pair of stalls which are "in tandem", that is, one behind the other, and the letters "HC" are used to indicate an oversized stall for use by the handicapped. The use of these letters is for information purposes only and not for identification purposes. Thus, the proper identification of each stall is by number only, and the letters "C", "T" and "HC" appearing in the following list do not constitute a part of the parking stall identification number. The particular parking stalls that initially will be appurtenant to the particular Apartment Units are as follows:

<u>Building A</u>		<u>Parking Stall #</u>	<u>Building D</u>		<u>Parking Stall #</u>
Apartment #	101	12/24C	Apartment #	101	67/93C
	102	9/23C		102	69/82C
	103	7/21C		103	95C/90C
	104	5/19C		104	70HC/91C
	105	3/17C		201	66/92C
	106	1/15C		202	68/94C
	201	13/25C		203	96C/89C
	202	10/11		204	97/88C
	203	8/22C			
	204	6/20C		<u>Building E</u>	<u>Parking Stall #</u>
	205	4/18C	Apartment #	101	108C/195C
	206	2/16C		102	106C/197C
				103	104/199C
				104	102/83C
				105	98/87C
				106	100C/85C
				201	109C/194C
				202	107C/196C
				203	105C/198C
				204	103/200C
				205	99/86C
				206	101C/84C
<u>Building B</u>		<u>Parking Stall #</u>	<u>Building F</u>		<u>Parking Stall #</u>
Apartment #	101	37/36	Apartment #	101	220/34C
	102	45C/46C T		102	217/218
	103	14/38		103	213/214
	104	41C/42C T		104	209/210
	201	49C/50C T		105	201/202
	202	47C/48C T		106	205/206
	203	39/40			
	204	43C/44C T			
<u>Building C</u>		<u>Parking Stall #</u>			
Apartment #	101	62/80C			
	102	60/78C			
	103	63/64			
	104	56/74C			
	105	54/72C			
	106	51/52			

	<u>Building C</u>	<u>Parking Stall #</u>
Apartment #	201	65/81C
	202	61/79C
	203	59/77C
	204	57/75C
	205	55/73C
	206	53/71C

	<u>Building F</u>	<u>Parking Stall #</u>
Apartment #	201	221/33C
	202	21 9/35C
	203	215/216
	204	211/212
	205	203/204
	206	207/208

	<u>Building G</u>	<u>Parking Stall #</u>
Apartment #	101	236/237
	102	241/240
	103	230/231
	104	226/227
	105	222/32C
	106	224/30C
	201	234/235
	202	238/239
	203	232/233
	204	228/229
	205	223/31C
	206	225/29C

	<u>Building K</u>	<u>Parking Stall #</u>
Apartment #	101	149/162
	102	160/161
	103	152/153
	104	155/154
	201	147/148
	202	150/151
	203	158/159
	204	156/157

	<u>Building H</u>	<u>Parking Stall #</u>
Apartment #	101	119C/184
	102	122C/186
	103	117C/188C
	104	115C/1 90C
	105	110C/111C
	106	113C/192C
	201	120C/183
	202	121C/185
	203	118C/187
	204	116C/189C
	205	112C/193C
	206	114/191C

	<u>Building L</u>	<u>Parking Stall #</u>
Apartment #	101	248/249
	102	250/251
	103	165/166
	104	163HC/164
	201	246/247
	202	252/253
	203	145/146
	204	143/144

	<u>Building J</u>	<u>Parking Stall #</u>
Apartment #	101	138/177
	102	135/136
	103	133/180
	104	131/182
	105	127/128
	106	123/124
	201	139/140
	202	137/178
	203	134/179
	204	132/181
	205	129/130
	206	125/126

"Visitor" Parking Stalls (indicated on the Condominium Map by the letter "V"):
26C, 27C, 28C, 58, 76C, 141, 142, 167, 169, 170, 171, 172, 173, 174, 175, 176, 242,
243, 244, 245, 254, 255, 270, 271, 272, 273, 274, 275, 276, 277

Extra Stall for Car Wash Use (indicated on Condominium Map by the letters "C W"):
168

(NOTE: Those stalls listed as "V" stalls will remain common elements. The other stalls may be transferred between apartments in the manner provided for in the Condominium Declaration, as long as at least two (2) stalls are appurtenant to each apartment. The parking stalls initially assigned to an apartment will be stated in the Apartment Deed from the Developer.)

- (2) Each private patio or yard area is a limited common element appurtenant to the first floor Apartment Unit which such area adjoins as shown on the site plan included as part of the Condominium Map. Each such area is deemed to be measured from the interior surface of the fence or wall (i.e., the surface facing the apartment) around the area.
- (3) Each compartment containing water heaters and located on the exterior of a multi-unit building is a limited common element appurtenant to the ground floor Apartment Units and the second story Apartment Units above them which are served by the water heaters contained in the compartment.
- (4) The concrete pad outside the door of each ground floor Apartment Unit is a limited common element appurtenant to that Apartment Unit. Each stairway and second story landing providing access to a second story Apartment Unit is a limited common element appurtenant to that Apartment Unit; provided, that those stairways which lead to two second story Apartment Units shall be limited common elements appurtenant to both of the apartments so served, but the second story landing directly adjacent to the entrance of each such second story apartment is a limited common element appurtenant only to that Apartment Unit.
- (5) Each mailbox bearing the same designation as an Apartment Unit is a limited common element appurtenant to that Apartment Unit.

All costs and expenses pertaining to limited common elements are to be charged to the apartment or apartments to which the limited common elements appertains pursuant to the proposed Condominium Declaration and Section 514A-15(a) of the Horizontal Property Act. If a limited common element is appurtenant to two or more apartments, such costs and expenses shall be charged to both. Thus, if a limited common element is appurtenant to two apartments, one-half of such costs will be charged to each apartment; provided, however, that as permitted in the proposed Condominium Declaration, the Board of Directors of the Association may assess certain of such costs and expenses in proportion to the common interest appurtenant to each of the apartments involved. Apartment owners shall be responsible for the maintenance and repair of their limited common elements.

END OF EXHIBIT "B"

EXHIBIT "C"

INTEREST TO BE CONVEYED AN APARTMENT BUYER: The proposed Condominium Declaration provides that the undivided interest in the common elements appurtenant to each apartment for voting and all other purposes (the "common interest") will be as follows:

Type and Number of Apartments	<u>Apartment Numbers</u>	Percentage of Undivided Interest For Each Apt.	Total Percentage Interest for Each Apt. <u>Type</u>
Type A (32): Type A-1 (24):	B-101, B-102, B-103, B-104, B-201, B-202, B-203, B-204, D-101, D-102, D-103, D-104, D-201, D-202, D-203, D-204, E-101, E-102, E-105, E-106, E-201, E-202, E-205, E-206, F-101, F-102, F-105, F-106, F-201, F-202, F-205, F-206, G-101, G-102, G-105, G-106, G-201, G-202, G-205, G-206, H-101, H-102, H-205, H-206, H-201, H-202, H-205, H-206,	.8741, except for Apartment L-103 which has an undivided percentage interest of .8777	48.9532
Type B (16): Type B-1 (32):	A-101, A-102, A-103, A-104, A-105, A-106, A-201, A-202, A-203, A-204, A-205, A-206, C-101, C-102, C-103, C-104, C-105, C-106, C-201, C-202, C-203, C-204, C-205, C-206, E-103, E-104, E-203, E-204, F-103, F-104, F-203, F-204, G-103, G-104, G-203, G-204, H-103, H-104, H-203, H-204, K-101, K-102, K-103, K-104, K-201, K-202, K-203, K-204	.8741	41.9568
Type D (12):	J-101, J-102, J-103, J-104, J-105, J-106, J-201, J-202, J-203, J-204, J-205, J-206	.7575	9.0900
	GRAND TOTAL		100.0000%

The common interest is based upon the net living area in square feet for that apartment divided by the total net living area of all apartments, rounded off so that the total of all the common interest for all apartments equals 100%.

Each apartment owner will be assessed a share of all common expenses of the proposed Condominium Project equal to the common interest appurtenant to his or her apartment. All expenses pertaining to limited common elements will be assessed in the manner described under the heading LIMITED COMMON ELEMENTS.

END OF EXHIBIT "C"

EXHIBIT "D"

Encumbrances Against Title

1. For real property taxes as may be due and owing, reference is made to the Director of Finance, County of Kauai.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. A right of easement in favor of Wm. Hyde Rice, Limited, its successors and assigns, as contained in those certain:

AGREEMENTS

<u>Dated</u>	<u>Book</u>	<u>Page</u>
December 17, 1908	313	203
June 4, 1919	516	454

4. RIGHT-OF-ENTRY

In Favor Of: Citizens Utilities Company, and GTE Hawaiian Telephone Company Incorporated
Dated: October 5, 1984
Document No. 1275497
Purpose: Right-of-entry for the purpose of building, constructing, repairing, maintaining and operating pole and wire lines, etc., for the transmission and distribution of electricity

5. SHORT FORM OPTION AGREEMENT

Seller: Grove Farm Company, Incorporated, a Hawaii corporation
Buyer: Grove Farm Company Properties, Inc., a Hawaii corporation
Dated: April 1, 1986
Document No. 1363999
Sales Price: \$Unspecified

The foregoing Short Form Option Agreement was amended by the following:

<u>Dated</u>	<u>Document No.</u>
January 2, 1989	1614796

6. Restrictions, covenants and conditions as contained in:

DECLARATION OF LAND USE COMMISSION CONDITIONS

Dated: June 10, 1987
Document No. 1479754
to which reference is hereby made

The foregoing Declaration was re-filed as Document No. 1509196.

7. **SHORT FORM REAL PROPERTY PURCHASE AGREEMENT**

Seller: Grove Farm Company, Incorporated, a Hawaii corporation
Buyer: Grove Farm Company Properties, Inc., a Hawaii corporation
Dated: December 6, 1991
Document No. 1873253
Sales Price: \$Unspecified

8. **REAL PROPERTY MORTGAGE AND FINANCING STATEMENT**

Mortgagor: Grove Farm Company Properties, Inc., a Hawaii corporation
Mortgagee: First Hawaiian Bank, a Hawaii corporation
Dated: December 16, 1991
Document No. 1873254
To Secure: \$25,000,000.00
and any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to

9. **REAL PROPERTY MORTGAGE AND FINANCING STATEMENT**

Borrower: Grove Farm Company, Incorporated, a Hawaii corporation
Mortgagee: First Hawaiian Bank, a Hawaii corporation
Dated: December 16, 1991
Document No. 1873255
To Secure: \$25,000,000.00
and any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to

10. **NEGATIVE PLEDGE AGREEMENT**

Borrower: Grove Farm Company, Incorporated, a Hawaii corporation
Parent: Grove Farm Company Properties, Inc., a Hawaii corporation
Bank: First Hawaiian Bank, a Hawaii corporation
Dated: December 16, 1991
Document No. 1873256
Re: \$25,000,000.00

11. **AS TO PARCEL FIRST (LOT 1039) AND PARCEL SECOND ONLY:**

- a) Easements "D and "E", for roadway purposes, as shown on Map 1, in favor of the State of Hawaii.
- b) Easement "L", for roadway purposes, as shown on Map 1, in favor of the owners and occupants of various exclusions.
- c) Easements "43" and "51", for drainage purposes, as shown on Map 36, as set forth by Land Court Order No. 29140, filed on October 23, 1968.
- d) **GRANT**

In Favor Of: County of Kauai
Dated: March 21, 1969
Document No. 480740
Purpose: Granting an easement over Easements "43" and "51"
- e) Easement "65", for drainage purposes, as shown on Map 40, as set forth by Land Court Order No. 32653, filed on January 20, 1971.

f) GRANT

In Favor Of: County of Kauai
Dated: May 12, 1972
Document No. 590155
Purpose: Granting an easement over Easement "65"

g) Easement "83", as shown on Map 53, as set forth by Land Court Order No. 37381, filed on May 2, 1973.

h) Easement "89", for roadway purposes, as shown on Map 63, as set forth by Land Court Order No. 48188, filed on September 16, 1977.

i) GRANT

In Favor Of: State of Hawaii
Dated: May 2, 1977
Document No. 835522
Purpose: Easement for drainage purposes over Easement "89"

j) Easement "91", as shown on Map 67, as set forth by Land Court Order No. 54252, filed on September 6, 1979.

k) Easements "107", "108" and "109", for underground sewer pipeline purposes, as shown on Map 70, as set forth by Land Court Order No. 58850, filed on January 26, 1981.

l) GRANT

In Favor Of: Citizens Utilities Company
Dated: March 9, 1981
Document No. 1061271
Purpose: Easement for utility purposes over Easement "91"

m) GRANT

In Favor Of: Grove Farm Land Corp.
Dated: November 2, 1984
Document No. 1267316
Purpose: Granting an easement over Easements "107", "108" and "109"

n) Easements "163", "164" and "165", as shown on Map 81, as set forth by Land Court Order No. 75036, filed on August 23, 1985.

o) Easements "191", "192", "193", "194", "195" and "196", as shown on Map 84, as set forth by Land Court Order No. 79239, filed on July 17, 1986.

p) GRANT

In Favor Of: County of Kauai, Department of Water
Dated: March 17, 1986
Document No. 1485314
Purpose: Granting an easement over Easement "163"

q) Easement "274" (area 16,969 square feet), "276" (area 600 square feet), "278" (area 5,350 square feet), "279" (area 14,647 square feet), and "280" (area 5,597 square feet), as shown on Map 92, as set forth by Land Court Order No. 98695, filed on July 18, 1990.

r) Restrictions, covenants and conditions as contained in:

DECLARATION OF LAND USE COMMISSION CONDITIONS

Dated: June 10, 1987
Document No. 1479754
to which reference is hereby made

12. AS TO PARCEL SECOND ONLY:

a) GRANT

In Favor Of: Citizens Utilities Company, and GTE
Hawaiian Telephone Company Incorporated
Dated: April 29, 1988
Book: 22009
Page: 649
Purpose: Easement for utility purposes, over,
under, across and through the land herein
described
(Not noted on Transfer Certificate of
Title No. 372,956.)

b) RIGHT-OF-ENTRY

In Favor Of: Citizens Utilities Company
Dated: May 18, 1990
Document No. 1765530
Purpose: Right-of-entry for the purpose of
building, constructing, repairing,
maintaining and operating pole and wire
lines, etc., for the transmission and
distribution of electricity

EXHIBIT "E"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

HALELANI VILLAGE AT PUHI - PHASE I

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Monthly x 12 months =</u>	<u>Yearly Total</u>
A, A-1, B, B-1	\$142.17	\$1,706.04
D	\$123.21	\$1,478.52
A-1	\$142.76	\$1,713.12

[] Revised on _____

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

HALELANI VILLAGE AT PUEI - PHASE I

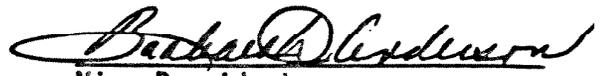
<u>Unit Type</u>	<u>% of C.I.</u>	<u>Maintenance Fees*</u>	
		<u>Monthly x 12</u>	<u>= Yearly</u>
A, A-1, B, B-1	.8741	\$142.17	\$1,706.04
D	.7575	\$123.21	\$1,478.52
A-1	.8777	\$142.76	\$1,713.12

* Based on \$16,265 Monthly Budget

Estimate of Maintenance Fee Disbursements:

	<u>Monthly x 12 months</u>	<u>= Yearly Total</u>
Utilities and Services		
Electricity	\$ 360	\$4,320
<input checked="" type="checkbox"/> common elements only		
<input type="checkbox"/> common elements and apartments		
Refuse Collection	2,500	30,000
Water and Sewer	4,530	54,360
Maintenance, Repairs and Supplies		
Building	350	4,200
Grounds	3,050	36,600
Management		
Management Fee	1,790	21,480
Payroll and Payroll Taxes	525	6,300
Office Expenses	200	2,400
Insurance	1,255	15,060
Reserves	1,300	15,600
Taxes and Government Assessments	50	600
Audit Fees	155	1,860
Other	200	2,400
TOTAL	\$16,265	\$195,180

We, Chaney, Brooks & Company, as managing agents for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.


Vice President

Date: 6/10/92

EXHIBIT "F"

**WARRANTY OF COMPLETION OF CONSTRUCTION IN SUBSTANTIAL
CONFORMITY WITH APPROVED PLANS AND SPECIFICATIONS**

Property Location:

Purchaser(s)/Owner(s):

For good and valuable consideration the undersigned Warrantor hereby warrants to the Purchaser(s) or Owner(s) identified in the caption hereof, and to his (their) successors or transferees, that:

The dwelling located on the property identified in the caption hereof is constructed in substantial conformity with the plans and specifications (including any amendments thereof, or changes and variation therein) which have been approved in writing by the Federal Housing Commissioner or the Administrator of Veterans Affairs on which the Federal Housing Commissioner or the Administrator of Veterans Affairs based his valuation of the dwelling: Provided, however, that this warranty shall apply only to such instances of substantial nonconformity as to which the Purchaser(s)/ Owner(s) or his (their) successors or transferees shall have given written notice to the Warrantor at any time or times within: (a) with respect to the dwelling unit, one (1) year, and (b) with respect to the common elements, two (2) years from the date of the original conveyance of title to such Purchaser(s)/Owner(s) or the date of initial occupancy of the dwelling, whichever first occurs: Provided further, however, that in the event the Purchaser(s)/Owner(s) acquired title to the captioned property prior to the completion of construction of the dwelling thereon, such notice of nonconformity to the Warrantor may be given at any time or times within: (a) with respect to the dwelling unit, one (1) year, and (b) with respect to the common elements, two (2) years from the date of completion or initial occupancy of such dwelling, whichever first occurs.

The term "dwelling" as used herein shall be deemed to include all improvements or appurtenances set forth in the plans and specifications upon which the Federal Housing Commissioner or the Administrator of Veterans Affairs has based his valuation of the property, excepting those constructed by a municipality or other governmental authority.

This warranty shall be in addition to, and not in derogation of, all other rights and privileges which such Purchaser(s)/Owner(s) may have under any other law or instrument, and shall survive the conveyance of title, delivery of possession of the property, or other final settlement made by the Purchaser(s)/Owner(s), and shall be binding on the Warrantor notwithstanding any provision to the contrary contained in the contract of purchase or other writing executed by the Purchaser(s)/Owner(s) heretofore or contemporaneously with the execution of this agreement or prior to final settlement.

IN TESTIMONY WHEREOF, the Warrantor has signed and sealed this warranty
this _____ day of _____, 19____.

(Warrantor's Address)

By _____ (Seal)
Warrantor (Signature and Title)

This warranty is executed for the purpose of inducing the Federal Housing Commissioner or the Administrator of Veterans Affairs to make, to guarantee or to insure a mortgage on the captioned property, and the person signing for the Warrantor represents and verified that he is authorized to execute the same by the Warrantor and by his signature the Warrantor is duly bound under the terms and conditions of said warranty.

WARNING

Section 1010 of Title 18, U.S.C., "Federal Housing Administration transactions," provides: "Whoever, for the purpose of—influencing in any way the action of such Administration—makes, passes, utters, or publishes any statement, knowing the same to be false—shall be fined not more than \$3,000 or imprisoned not more than two years, or both." Other Federal Statutes provide severe penalties for any fraud as intentional misrepresentation made for the purpose of influencing the issuance of any guaranty or insurance or the making of any loan by the Administrator of Veterans Affairs.

NOTICE TO PURCHASER: ANY NOTICE OF NONCONFORMITY MUST BE DELIVERED TO THE WARRANTOR NO LATER THAN _____, as to the dwelling unit, and _____, as to the common elements. (Warrantor shall insert date 1 year or 2 years from initial occupancy, date of conveyance of title or date of completion, whichever event is applicable.)

Receipt of this warranty is acknowledged this _____ day of _____, 19____.

END OF EXHIBIT "F"

EXHIBIT "G"

SUMMARY OF PERTINENT PROVISIONS OF
THE SALES CONTRACT

The Sales Contract sets forth the time for and the amount of all payments toward the purchase price and all costs which are the purchaser's obligation. Prior to the issuance of a Final Report, the sales contract operates as a reservation only and may be cancelled by either Developer or Purchaser. A separate written affirmation of the sales contract must be signed by both parties after the final report is issued to convert the reservation into a binding contract. The documents also provide, in effect, that a Purchaser shall be entitled to a refund of his or her funds, and escrow shall make such refund if:

(a) Escrow receives a written request from Developer to return to purchaser the funds of such purchaser then held by Escrow; or

(b) If a purchaser's funds were obtained prior to the issuance of a Final Public Report and a request for refund is made prior to the issuance of the Final Public Report or prior to the time the parties sign a separate written affirmation of the Sales Contract; or

(c) If a purchaser's funds were obtained prior to the issuance of a Final Public Report, and, the purchaser notwithstanding the execution by the parties of a written affirmation of the Sales Contract, exercises his or her right to cancel the Sales Contract at a time prior to the earlier of (1) the conveyance of the apartment to the purchaser, or (2) midnight of the thirtieth (30th) day following the date of delivery of the Final Public Report, provided that the purchaser has not previously waived his or her right to cancel; or

(d) If a purchaser's funds were obtained after the issuance of a Final Public Report and the purchaser exercises his or her right to cancel the Sales Contract at a time prior to the earlier of (1) the conveyance of the apartment to purchaser or (2) midnight of the thirtieth (30th) day following the date of delivery of the Final Public Report, provided, however, that the purchaser has not previously waived his or her right to cancel; or

(e) A purchaser cancels the Sales Contract because there is a material change in the Project which directly, substantially and adversely affects the use or value of (1) such purchaser's apartment or appurtenant limited common elements, or (2) those amenities of the Project available for such purchaser's use, unless the purchaser has waived his or her right of cancellation or deemed to have waived such right.

The Sales Contract contains the Developer's promise to complete the Project no later than two years from the date that a Final Public Report is issued. The 2-year period is subject to extensions of time for the occurrence of events outside of the Developer's control which make performance by the Developer within this period impossible as a matter of Hawaii law.

The Sales Contract also provides that by executing a Sales Contract, the purchaser thereby: (1) warrants that he or she has the ability to pay the purchase price for the apartment either from his or her own funds and/or the proceeds of a loan that the purchaser promises he or she can obtain; (2) acknowledges and agrees that obtaining such a loan is the purchaser's sole responsibility, even if the Developer has made arrangements with a lender generally to provide financing; and (3) acknowledges and agrees that all mortgage liens and other security interests obtained by the construction lender in connection with a construction loan (as well as any extensions, renewals and modifications of that loan) will be and remain at all times a lien or charge on the Project prior

and superior to any and all liens or charges arising from the Sales Contract or any other sale and/or reservation agreement with the purchaser. In addition, the specimen Sales Contract contains provisions which: (1) permit the Developer to keep the purchaser's payment deposits under certain circumstances if the Developer cancels a contract due to purchaser's default; (2) provide for "preclosing" of the Sales Contract; (3) provide the Developer with certain rights to modify the Condominium Documents; (4) provide that all interest earned on purchaser's funds will belong to the Developer; (5) limit warranties the purchaser will receive; (6) limit assignment of the Sales Contract; and (7) cover many other important matters that are not described in this Report.

By executing a Sales Contract, each prospective purchaser will consent and agree to the incremental development of this overall Project and the merger of this Project with other increments and will consent and agree to execute such additional documents and to do such other things necessary therefor. Purchaser's execution of a Sales Contract shall operate as an appointment of the Developer as a purchaser's attorney-in-fact to execute such documents and do such other things as are necessary or convenient for the incremental development of the overall project.

END OF EXHIBIT "G"

EXHIBIT "H"

ESCROW AGREEMENT SUMMARY

The Escrow Agent sets forth that the Escrow Agent for the Halelani Village At Puhi, Phase I condominium project is Security Title Corporation. As such Escrow Agent, Security Title Corporation will be responsible for the handling of purchase money for the apartment sales. The Escrow Agreement establishes how the proceeds from the sale of the apartments are placed in trust, as well as the retention and disbursement of this trust fund. According to the Agreement, down payment funds may not be released from escrow for the payment of development and construction costs, even though such use is permitted under Horizontal Property Act.

The Escrow Agreement also sets forth the duties and responsibilities of the Escrow Agent with respect to dosing apartment sale transactions. Among other things the Escrow Agent shall be responsible for:

- (a) coordinating with the mortgage lenders of various purchasers, especially those primary institution(s) which have issued commitments to make apartment purchase money loans;
- (b) coordinating with title search and title insurance companies to see that the requisite title searches and title insurance documents are obtained to effect closings;
- (c) coordinating the signing of documents in connection with "pre-dosing" and actual "closing";
- (d) handling the recordation of all documents which must be recorded; and
- (e) handling the disbursement of funds in connection with the closing of apartment sales.

END OF EXHIBIT "H"

EXHIBIT "I"

HALELANI VILLAGE AT PUHI

INSTRUCTION SHEET

Thank you for your interest in HALELANI VILLAGE. We are pleased to be selected as the developer to provide the most recent and exciting affordable housing project on Kauai.

The following Buyer Information forms are required by the Developer and the County of Kauai, and must be filled out completely by all parties. **INCOMPLETE FORMS WILL NOT BE ACCEPTED AND THEREFORE WILL CAUSE YOU TO BE DISQUALIFIED.** Buyer information forms along with copies of your last two (2) years of signed FEDERAL tax returns must be mailed or delivered in person to Prosser Realty, Inc., 4379 Rice Street, Lihue, Kauai, 96766, no later than 5:00 PM, June 30, 1992. Applications received after the deadline will not be eligible for the lottery, but will be placed on a waiting list following the last number on the unit selection lists.

1. Owner-Occupant Affidavit

Please read and complete the necessary information. This form must be signed by all parties in front of a notary public. **Please do not sign this form without a Notary Public present.**

2. Housing Application Form

This page must be completely filled out. All information will be kept confidential and will be submitted to the County of Kauai and our lender for their review and approval.

Should you need more space, please feel free to make copies of the pages and attach to the application form.

3. Tax Returns

You must submit copies of your 1990 and 1991 or last two (2) years of FEDERAL tax returns with all schedules attached to your application. Income eligibility shall be based on tax return information.

TAX RETURNS MUST BE SIGNED BY ALL PARTIES.

4. Lottery Card

This card must be completely filled out. Please retain the small portion as your receipt and leave the large portion attached to the application. **If this card is not attached, you will not be entered in the lottery.**

Once you have returned all the completed forms with your signed tax returns, your application will be reviewed by Prosser Realty, Inc., County of Kauai and a Lender. They will determine if you are an eligible buyer.

DO NOT PHONE OUR OFFICE FOR UPDATES ON YOUR APPLICATION. You will be notified by mail if you qualify or not. You will also be notified as to the date of the lottery. Applicants are not required to attend the lottery. If you are selected you will be notified and asked to appear to make your unit selection and sign a sales contract. Should you not appear for your unit selection, you will be placed on a waiting list after the last qualified applicant.

EVERY BLANK MUST BE FILLED IN. IF BLANKS DO NOT APPLY TO YOU, WRITE THE WORD "NONE" IN THE BLANK.

INCOMPLETE FORMS WILL BE DISQUALIFIED.

HALELANI VILLAGE AT PUHI

AFFORDABLE HOUSING INFORMATION

WHO IS ELIGIBLE TO PURCHASE AN AFFORDABLE HOME?

1. The applicant or co-applicant/spouse must be a citizen of the United States or a permanent resident alien who now resides in the State of Hawaii.
2. The applicant or co-applicant/spouse must be at least eighteen (18) years of age.
3. The applicant and co-applicant/spouse must be residents of the State of Hawaii. A resident is one who is domiciled in the State and has a bona fide intent to reside in the dwelling unit.
4. The applicant and co-applicant/spouse must not own any real estate suitable for residential use, prior to submitting an application for the project.
5. The applicant and co-applicant/spouse must abide by (1) the TEN (10) OR ONE (1) YEAR RESTRICTIONS as outlined in Chapter 201E-221, Hawaii Revised Statutes, on use, waiver, transfer and sale (buyback) of the land and dwelling unit.
6. The applicant and co-applicant/spouse must never have purchased a dwelling unit from the County. However, the County may, on an individual basis, allow a person who had previously purchased a dwelling unit to reapply, provided there has been a significant change in family size or if the sale of such person's first dwelling was caused by extreme hardship such as family death, divorce or loss of employment.
7. The applicant and co-applicant/spouse may only apply for one (1) County sponsored project for sale at a time.
8. The applicant and co-applicant/spouse must have the ability to repay the mortgage loan.
9. The applicant and co-applicant/spouse must be owner-occupants at all times.
10. The applicant and co-applicant/spouse's Annual Gross Household Income must not exceed the income limits listed below:

<u>Family Size</u>	<u>80%</u>	to	<u>120%</u>
1	20,250		30,400
2	23,150		34,750
3	26,050		39,100
4	28,950		43,450
5	30,750		46,150

"Annual Gross Household Income" means the total amount of annual income of the applicant or co-applicant/spouse and any other household member over 18 years of age not claimed as a dependent, from all sources before deductions. Social Security benefits, COLA, BAQ AND VHA are considered income.

"Household" means (1) a group of persons regularly living together consisting of two or more persons related by blood, marriage, adoption, or by operations of law, including foster children; (2) a single person; or (3) one or more individuals living with another person determined essential to their well-being. Applicants claiming family size by reason of pregnancy must present a doctor's certificate at the time of the interview.

11. Anyone who submits more than one (1) application will be immediately disqualified. All copies of these applications will be withdrawn and will not be entered in the lottery. Dual submissions for the Helenani Village project will also be disqualified.
12. Houses will range in price from \$79,000 to \$126,000.
13. The applicant(s) are advised that the making of any false statements knowingly, in connection with this application is a crime punishable by a fine of up to \$2,000.00 or imprisonment for up to one (1) year or both as applicable under the provisions of the Hawaii Penal Code, Part V, Section 710-1063. The Seller may initiate all legal remedies for the enforcement of this provision including immediate repurchase, foreclosure and eviction.
14. Should Buyer sell or change title to his home during the restriction period, the County has first option to purchase the home at the original cost, plus cost of any improvements, plus interest on the equity at the rate of seven percent (7%) a year.

WHAT KIND OF RESTRICTIONS DO WE HAVE IF WE PURCHASE A HOME?

1. COUNTY OF KAUAI RESTRICTIONS ON SALE OR TRANSFER, AND USE: A ten (10) or one (1) year Restriction on Sale or Transfer, and Use of the dwelling units and lots will be applicable to all sales. This restriction provides that for a period of ten (10) or one (1) year after the purchase, if the owner wishes to sell or transfer title, the Kauai County Housing Agency shall have the option to purchase the property at a price which does not exceed the sum of: (1) the original cost to the purchaser, (2) the cost of any improvements added by the purchaser, and (3) simple interest on the purchaser's cash equity in the property at the rate of seven percent (7%) a year; and a dwelling unit purchased with this restriction shall be occupied by the owners at all times or the Kauai County Housing Agency shall buy-back the unit as provided by the restriction.

WHAT HAPPENS AFTER I APPLY?

1. Prosser Realty, Inc. will make an initial review of all applications along with the County to determine whether the household meets the County eligibility requirements.
2. The County will then review the applications.
3. All applications will be reviewed by a Lender to determine their ability to purchase.
4. A lottery will be held to determine order of priority in selecting a home. The date, time and place of the lottery will be announced later. Applicants are not required to attend the lottery. Please do not call the office for your lottery number.
5. Results of the lottery will be mailed to you and will be available upon request in the Model Sales Office or at Prosser Realty.
6. After verification of your eligibility, preference will be given to the following households:
 - a) Employees and pensioners of Grove Farm Company, Inc., including Grove Farm Land Corporation, Grove Farm Properties, Inc., Grove Farm Rock Company, and Grove Farm Homestead Museum, inclusive, shall have first preference for purchase of up to fifteen percent (15%) of the dwelling units offered in each phase of each project distributed over the price range schedules, subject to all purchaser eligibility requirements.
 - b) Residents of the County of Kauai.
 - c) Larger families.
 - d) Displacement by Kauai County Government action.
 - e) Handicapped household member status. Applicable to five percent (5%) of the units.
 - f) Single parent or single head of household. Applicable to five percent (5%) of the units.
7. Prosser Realty will then assist you in the selection of your home.
8. At all stages of the application process you will be responsible for notifying Prosser Realty, Inc., of any changes in your mailing address and telephone numbers. Please phone (808) 245-4711 (Kauai).

If you have any questions, please call, Prosser Realty, Inc. at (808) 245-4711 (Kauai).

KAUAI COUNTY HOUSING AGENCY
4193 Hardy Street, Lihue, kauai 96766
Phone: 245-7344

APPLICATION DEADLINE IS JUNE 30, 1992.

HALELANI VILLAGE

No. 0000000

PLEASE KEEP THIS
PORTION AS YOUR
RECEIPT.

HALELANI VILLAGE AT PUHI

No. 0000000

Name _____

Address _____

Phone (R) _____ (B) _____

HALELANI VILLAGE AT PUHI

HOUSING APPLICATION FORM

APPLICATIONS WILL NOT BE PROCESSED UNLESS COMPLETELY FILLED OUT. ONLY ONE (1) APPLICATION WILL BE ACCEPTED PER HOUSEHOLD. SUBMITTAL OF MULTIPLE APPLICATIONS WILL RESULT IN IMMEDIATE DISQUALIFICATION. APPLICATIONS MUST BE RECEIVED NO LATER THAN June 30, 1992. APPLICATIONS MUST BE MAILED OR DELIVERED TO PROSSER REALTY, INC., 4379 RICE STREET, LIHUE, KAUAI 96766.

APPLICANT:
(Use full last & first names and middle initials)

CO-APPLICANT/SPOUSE:
(Use full last & first names and middle initials)

Full name _____
(Last) (First) (M.I.)
Social Security Number: _____
Date of Birth: _____ Sex: _____
Marital Status: Single _____ Married _____ Divorced _____
Occupation: _____
Business Phone: _____ Home Phone: _____
Resident Mailing Address: _____

Full name _____
(Last) (First) (M.I.)
Social Security Number: _____
Date of Birth: _____ Sex: _____
Marital Status: Single _____ Married _____ Divorced _____
Occupation: _____
Business Phone: _____ Home Phone: _____
Resident Mailing Address: _____

HOUSEHOLD COMPOSITION: (All members of the household that will reside in the dwelling unit purchased from the County. Include applicant and co-applicant.)

Name:	Last	First	Social Security No.	Sex	Age	Relation
1.	_____	_____	_____	_____	_____	_____
2.	_____	_____	_____	_____	_____	_____
3.	_____	_____	_____	_____	_____	_____
4.	_____	_____	_____	_____	_____	_____
5.	_____	_____	_____	_____	_____	_____
6.	_____	_____	_____	_____	_____	_____
7.	_____	_____	_____	_____	_____	_____

Total family size: _____ Cash Available for Downpayment: \$ _____

Employer: _____ Monthly Income: \$ _____
Spouse/Co-Applicant's Employer: _____ Monthly Income: \$ _____
Interest/Dividend: _____ Monthly Income: \$ _____

Other: _____ Monthly Income: \$ _____
Total Family Monthly Income: \$ _____

Total annual gross household income: \$ _____

Monthly Housing Expense (rent, etc.)	\$ _____	/mo
Monthly Utilities	\$ _____	/mo
Monthly Bills - Auto(s)	Balance: \$ _____	/mo
Monthly Bills - Charge cards	Balance \$ _____	/mo
Monthly Bills - Credit Union	Balance \$ _____	/mo
Monthly Bills - Other	Balance \$ _____	/mo
Monthly Bills - Other	Balance \$ _____	/mo
Total Balance	\$ _____	/mo

ELIGIBILITY REQUIREMENTS FOR PURCHASE:

	APPLICANT		CO-APPLICANT/SPOUSE	
	Yes	No	Yes	No
1. I am a citizen of the United States or a permanent resident alien (If permanent resident alien, enter Registration No: _____)	()	()	()	()
2. I am a resident of the State of Hawaii	()	()	()	()
3. I will live in the home	()	()	()	()
4. I understand and accept the restriction on the use, waiver, sale (buyback) and transfer of the dwelling unit	()	()	()	()
5. I am at least 18 years of age. (Dates of Birth: <u> / / & / /</u>)	()	()	()	()
6. Applicant and/or co-applicant/spouse does not own any interest in real estate suitable for residential use, within or without the State of Hawaii	()	()	()	()
7. I have purchased a dwelling unit with assistance from a State or County program. If yes, please explain and provide date of purchase:	()	()	()	()
8. I have a pending application to purchase a dwelling unit in another housing development. If yes, please explain _____	()	()	()	()
9. I am a bona fide <u>resident</u> of the County of Kauai	()	()	()	()
10. Have you ever been <u>displaced</u> from your home because of government action by the County of Kauai? If yes, attach a copy of your displacement certificate or other documentation.	()	()	()	()
11. Is anyone living within your household a <u>handicapped</u> person who will reside in the dwelling unit to be purchased? If yes, attached a certificate as to handicap (available at KCHA)	()	()	()	()
12. I am a <u>single parent</u> , head of household, as defined in the applicable regulations of the Internal Revenue Service.	()	()	()	()
13. Are you pregnant? If yes, attach doctor's certificate of pregnancy	()	()	()	()
14. Are you an employee or pensioner of <u>Grove Farm Company, Inc.</u> ?	()	()	()	()
15. Do you understand that an applicant's opportunity to purchase a unit will depend upon a public lottery and the project's eligibility and preference requirements?	()	()	()	()
16. Do you agree to inform Prosser Realty and the Kauai County Housing Agency of any changes in information provided in this application, especially concerning the applications household characteristic, place of residence, mailing address and telephone numbers?	()	()	()	()

HALELANI VILLAGE AT PUHI

HOUSING APPLICATION - PAGE 2

SPECIAL CONDITIONS:

1. The information above is being provided by the applicant for the purposes of registration for the purchase of a home in the project listed above.
2. The applicant understands that they will not be eligible for the lottery unless the above information is complete and the tax returns are attached.

LIST BANK ACCOUNTS:

INSTITUTION	BRANCH	TYPE	BALANCE	FOR OFFICE USE ONLY VERIFICATION
			\$	
			\$	
			\$	
			\$	
			\$	

LIST STOCKS/BONDS:

NAME	STOCKS/ BONDS	NO. OF SHARES	DIV/INT PER YR.	TOTAL AMOUNT	FOR OFFICE USE ONLY VERIFICATION
			\$	\$	
			\$	\$	
			\$	\$	
			\$	\$	

LIST ALL REAL ESTATE HOLDINGS:

ADDRESS	MARKET VALUE	WHEN ACQUIRED	MORTGAGE BALANCE	MONTHLY PAYMENT
			\$	\$
			\$	\$
			\$	\$

THE APPLICANT(S) UNDERSTANDS THAT THE MAKING OF ANY FALSE STATEMENTS, KNOWINGLY, IN CONNECTION WITH THIS APPLICATION SHALL CONSTITUTE UNSWORN FALSIFICATION TO AUTHORITIES AND BE PUNISHABLE AS SUCH.

CERTIFICATION: I hereby certify that the information above is true and correct to the best of my knowledge.

Applicant's Signature _____ Date: _____

Co-Applicant/Spouse's Signature _____ Date: _____

Reviewed by: _____ Date: _____

OWNER-OCCUPANT AFFIDAVIT

We, the undersigned "owner-occupants" on this _____ day of _____, 19____, declare that we are a "Gap Group Income Purchaser", who will be "owner-occupants" in Hokulei Estates, a fee simple single family project (the "Project").

We understand and agree that:

1. The term "Gap Group Income Purchaser" as used in this document, means a buyer whose income (including the income of all members of such buyer's household) does not exceed 140% of the median income (adjusted for family size) for the County of Kauai as most recently determined by the U.S. Department of Housing and Urban Development. The following are current income limits by family size for the Project:

<u>Family Size</u>	<u>80%</u>	to	<u>120%</u>
1	20,250		30,400
2	23,150		34,750
3	26,050		39,100
4	28,950		43,450
5	30,750		46,150

2. By signing this document, we represent that we are a "Gap Group Income Purchaser" within the meaning of those terms, as defined in paragraph 1 above.

3. By signing this document, we represent that we intend to buy a residential unit in the Project and to become an owner-occupant of the unit.

4. By signing this document, we understand and agree that the residential unit which we purchase in the Project must be occupied by us and is not to be rented. The individuals listed below will occupy the unit:

	<u>Name</u>	<u>Age</u>
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____
7.	_____	_____

5. By signing this document, we represent that we are citizens of the United States or resident aliens.

6. By signing this document, we represent that we are Bona Fide residents of the State of Hawaii.

7. By signing this document, we authorize the County of Kauai, by designated employees of the Kauai County Housing Agency, to periodically verify compliance with each of the provisions herein.

8. By signing this document, we understand that the making of any false statements, knowingly, in connection with this Affidavit shall constitute unsworn falsification to authorities and be punishable as such.

OWNER-OCCUPANT(S)

ADDRESS

PURCHASER

CITY, STATE, ZIP CODE

PURCHASER

PHONE NO. (RESIDENCE)

PURCHASER

PHONE NO. (BUSINESS)

PURCHASER

STATE OF HAWAII

)

COUNTY OF _____

)

SS

)

On this _____ day of _____ 19____, before me appeared _____ and _____ to me known to be the person(s) described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

Notary Public, State of Hawaii

My Commission Expires:

EXHIBIT "J"

**Full Text Of Deed Restriction On Use, Occupancy And Transfer
And Purchase Option In Favor Of The County Of Kauai**

For a period of ten (10) or one (1) year(s) following the date of recordation of this Apartment Deed, if the Grantee wishes to transfer title to the Apartment, or Grantee leases or rents the Apartment or a portion thereof, or if the Grantee ceases to use and occupy the Apartment as Grantee's principal residence, the County of Kauai (the "County") by and through the Kauai County Housing Agency ("KCHA") or any department of the County which succeeds to the functions of or replaces KCHA, shall have the right, in the exercise of an option, to purchase and acquire the Apartment at a price (the "Option Purchase Price") which shall not exceed the sum of:

- (i) The original purchase price of the Apartment paid by the Grantee;
- (ii) The original cost of any improvements added to the Apartment by the Grantee; and
- (iii) Simple interest on the Grantee's cash investment equity in the Apartment calculated at the rate of seven percent (7%) per annum from the date the Grantee acquires title to the Apartment to the date of acquisition by the County;

PROVIDED, however, that foregoing restrictions and reservation of right in favor of the County shall be reimposed for the period of time set forth above upon any transfer of title to the Apartment by the Grantee and upon each successive transfer thereafter.

The County may exercise its option and purchase the Apartment either outright, free and clear of any and all mortgage liens on the Apartment, or by transfer subject to any existing mortgage lien(s).

(A) If the County elects to make an outright purchase of the Apartment, the County shall insure that all existing mortgage liens and the indebtedness secured thereby are properly discharged by the Grantee.

(B) If the County elects to acquire the Apartment subject to existing liens, the County shall agree to assume and pay the balance of indebtedness secured by any purchase money first mortgage and any other mortgage liens on the Apartment which were created with the approval and consent of the County. The amount to be paid to the Grantee in such case shall be the difference between the Option Purchase Price described above and the sum of all indebtedness outstanding and assumed by the County at the time title to the Apartment is acquired.

The foregoing restrictions and the option in favor of the County shall not apply in the case of a transfer of title to the Apartment by or as a result of a mortgage foreclosure, exercise of a power of sale under a mortgage or a conveyance in lieu of foreclosure after a mortgage foreclosure action has been commenced, and said restriction and option may be forever extinguished by such foreclosure actions provided that the holder of the mortgage, prior to initiating foreclosure or exercising a power of sale under its mortgage, gives KCHA (or its successor or replacement department) ninety (90) days prior written notice of the mortgagor's default and its intention to foreclose under Chapter 667 of the Hawaii Revised Statutes or exercise power of sale and names the County as a party defendant in any mortgage foreclosure proceedings.

Any law to the contrary notwithstanding, as long as the foregoing restriction and the option in favor of the County is in effect at the time foreclosure on the Apartment is initiated or a power of sale is exercised, the County shall be entitled to any and all proceeds of sale remaining after payment of the following: (i) all actual costs and expenses of foreclosure and sale, including sums necessary to discharge recorded creditors' liens and encumbrances; and (ii) the difference, if any, between the Option Purchase Price calculated as of the date that such foreclosure action is initiated or power of sale is exercised and the costs and expenses described in (i), which difference, if any, shall be payable to the Grantee.

In its sole and absolute discretion, the County may waive its option rights as aforesaid, if:

(A) The Grantee proposes to transfer title or lease the Apartment to a member of Grantee's immediate family, or upon the death of the Grantee, the Apartment would be transferred by devise or the laws of descent to a member of Grantee's immediate family, which family member would otherwise qualify under rules duly established and adopted by KCHA and accepts the the aforesaid restrictions and reservation of right in favor of the County; or

(B) The Grantee proposes to sell and transfer the Apartment at a price and on terms which KCHA determines, in accordance with duly adopted rules, will preserve the intent of the restrictions without the necessity of the County having to repurchase the Apartment, and the proposed transferee accepts the aforesaid restrictions and reservation of right in favor of the County.

Exercise of the foregoing option in favor of the County shall be in the sole and absolute discretion of the County, and nothing herein shall be deemed to require the County to exercise its option or to create the right in any third party to require the County to exercise its option. The prior or simultaneous exercise of an option by the County in the case of a proposed transfer or unauthorized rental of another apartment in the Condominium under similar circumstances as a proposed transfer or unauthorized rental of the Apartment conveyed by this Apartment Deed shall not in any way obligate the County to exercise its option to purchase in this case. Moreover, a specific waiver of its option or mere failure by the County to exercise its option in the case of a proposed transfer or rental of the Apartment shall not extinguish the restrictions and option with regard to a subsequent proposed transfer or unauthorized rental of the Apartment, and the

restrictions and option will remain in full force and effect with respect to same and shall bind the new owner of the Apartment, unless specifically waived in writing by the County.

In enforcing the foregoing restrictions and option, KCHA (or its successor or replacement agency) may adopt and employ such reasonable means and procedures as are necessary to verify that the Apartment is being used and occupied by the Grantee or successor owner as a principal residence and is not being leased or rented, including, but not limited to, requiring the current owner of the Apartment to respond to an owner-occupant verification form from time to time, failing which response, the County may exercise its option to purchase the Apartment.

Upon the expiration of the period during which the foregoing restrictions on the use and transfer of the Apartment and the reserved rights in favor of the County are in effect (the "Restriction Period"), the Grantee may sell or transfer the Apartment to any person free and clear of any restrictions, provided that the Grantee pays to the County the sum of :

(i) The balance of any mortgage note, agreement of sale or other amount owing to the County;

(ii) The pro rata share allocable to the Apartment of any subsidy made by the County in the acquisition, financing, development, construction and sale of the Condominium or the Apartment, and any other amount expended by the County not counted as a cost in the original sales price but charged to the Apartment by good accounting practice as determined by KCHA (or its successor or replacement agency) whose books shall be prima facie evidence of the correctness of such costs charged to the Apartment; and

(iii) Interest on any subsidy and any other amounts expended by the County as aforesaid at the rate of seven percent (7%) per annum computed from the date of acquisition of the Apartment by the Grantee, as to any subsidy amounts, and computed from the date of expenditure by the County, as to other expended amounts; provided, however, that interest shall cease being computed after the elapse of thirty (30) years from the date of acquisition, and provided further that, if a proposed sale or transfer will not generate an amount sufficient to pay the full amount due the County, the County shall have the first option to purchase the Apartment at the Option Purchase Price.

The aforesaid subsidy and other County expenditure amounts, together with interest thereon, may be paid at any time, and if so paid, upon the expiration of the Restriction Period, all of the foregoing restrictions on the use, transfer and occupancy of the Apartment and the reserved rights in favor of the County shall expire of their own accord and be null, void and of no further force and effect, without need of any act or writing by the County.

END OF EXHIBIT "J"