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

# CONDOMINIUM PUBLIC REPORT

FAIRWAY VILLAGE AT WAIKELE
Corner of Lumiaina Street and Lumiauau Street
WAIPAHU, OAHU, HAWAII

Registration No. 2703

Issued: September 15, 1992
Expires: October 15, 1993

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of August 12, 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:

X **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 [ X ] Not Required - disclosures covered in this report.



FORM: RECO-30 286/986/189/1190

**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.

[ **X** ] No prior reports have been issued by the Commission.

[ ] Changes made are as follows:

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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:

[ X] 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. [ X] New Building(s) [ ] Conversion
   [ ] Both new Building(s) and Conversion

2. [ X] Residential [ ] Commercial [ ] Ohana
   [ ] Mixed Residential and Commercial [ ] Agricultural
   [ ] Other _____

3. [ ] High Rise (5 stories or more) [X] Low Rise

4. [ ] Single or [X] Multiple Buildings

5. Apartment Description

| Apt. Type | Quantity | BR/Bath | Net Living Area (sf)* | Lanai/Patio (sf) |
|---|---|---|---|---|
| A | 24 | 2/2 | 830 | 92 |
| B | 32 | 2/2 | 806 | 71 |
| C | 28 | 2/2 | 859 | 95 |
| D | 28 | 2/2 | 867 | 95 |
| E | 16 | 2/2 | 918 | 90 |
| F | 10 | 2/2 | 901 | 90 |
| G | 4 | 2/2 | 933 | 109 |
| H | 32 | 2/2-1/2 | 1,271 | 79 |
| J | 34 | 3/2-1/2 | 1,387 | 79 |

Total Apartments: 208

**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:

| | Number of Stalls |
|---|---|
| Assigned Stalls (Individual Units) | 382 |
| Guest Stalls | 45 |
| Unassigned Stalls | |
| Extra Stalls Available for Purchase | 112 |
| Other: Car Wash Area | 3 |
| Total Parking Stalls | 542 |

7. Recreational amenities: Recreation Center

## 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: South Pacific Properties (Name) — Phone: 521-5661 (Business)

1001 Bishop Street, Pacific Tower, Suite 1060 (Business Address)

Honolulu, Hawaii 96713

Escrow: Security Title Corporation (Name) — Phone: 521-9511 (Business)

1001 Bishop Street, Pacific Tower, Suite 1200 (Business Address)

Honolulu, Hawaii 96813

General Contractor: Hawaiian Dredging & Construction Co. (Name) — Phone: 735-3211 (Business)

614 Kapahulu Avenue (Business Address)

Honolulu, Hawaii 96815

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:

[ X] 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:

[ X] 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:

[ X] 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:

[ X] 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:

| | Minimum Set by Law | This Condominium | |
|---|---|---|---|
| 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 | --- | 51% | |

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.

[ X] 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: Not yet established. Project is on the corner of Lumiaina Street and Lumiauau Street

Tax Map Key: 9-4-007-012 (por.) (TMK)

[ X] Address [ X] 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: 18.394 [ ] square feet [ X] acre(s) Zoning: A-1

Fee Owner: Developer
Name

Address

Sublessor:
Name

Address

## C. Buildings and Other Improvements:

1. [ X] New Building(s) [ ] Conversion of Existing Building(s)
[ ] Both New Building(s) and Conversion

2. Buildings: 35 Floors Per Building 2

[ X] Exhibit B contains further explanations.

3. Principle Construction Material:

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

[ X] Other glass

4. Permitted Uses by Zoning:

| | No. of Apts. | Use Determined By Zoning | | No. of Apts. | Use Determined By Zoning |
|---|---|---|---|---|---|
| [ ] Commercial | | | [ ] Industrial | | |
| [X] Residential | 208 | yes | [ ] Agricultural | | |
| [ ] Timeshare/Hotel | | | [ ] Recreational | | |
| [ ] Other: | | | | | |

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

[X] Pets: Dogs, cats and other household pets are permitted, subject to Fairway Village at Waikele Rules and Regulations.

[X] 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 88 Trash Chutes 0

| Apt. Type | Quantity | BR/Bath | Net Living Area (sf)* | Lanai/Patio (sf) |
|---|---|---|---|---|
| A | 24 | 2/2 | 830 | 92 |
| B | 32 | 2/2 | 806 | 71 |
| C | 28 | 2/2 | 859 | 95 |
| D | 28 | 2/2 | 867 | 95 |
| E | 16 | 2/2 | 918 | 90 |
| F | 10 | 2/2 | 901 | 90 |
| G | 4 | 2/2 | 933 | 109 |
| H | 32 | 2/2-1/2 | 1,271 | 79 |
| J | 34 | 3/2-1/2 | 1,387 | 79 |

Total Apartments: 208

**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: 542

| | Regular | | Compact | | Tandem | | |
|---|---|---|---|---|---|---|---|
| | covered | open | covered | open | covered | open | TOTAL |
| Assigned (for individual units) | 81 | 110<br>5 HC* | | 24 | 81** | 81** | 382 |
| Guest | | 13 | | 32 | | | 45 |
| Unassigned | | | | | | | |
| Extra Available for Purchase | | 51 | | 61 | | | 112 |
| Other: | | 3<br>car wash | | | | | 3 |
| Total Covered & Open | 263 | | 117 | | 162 | | |

*oversized stall for Handicapped **all Tandem stalls regular size

Each apartment will have the exclusive use of at least 1 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.

[X] 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

[X] Recreation Area

[ ] Laundry Area

[ ] Tennis Court

[ ] Trash Chute

[X] Other: Trash receptacle areas (15); (3) parking stalls set aside as car wash areas

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. [ X] 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.

| | Conforming | Non-Conforming | Illegal |
|---|---|---|---|
| Uses | X | | |
| Structures | X | | |
| Lot | X | | |

If a variance has been granted or if it 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.

   [ X] 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.

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

   [ X] 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.

   [ X] 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 29,1992 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.

[ X] 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.

| Type of Lien | Effect on Buyer's Interest If Developer Defaults |
|---|---|
| Although the Developer has not yet obtained a specific interim construction loan for the Project, the site of the Project is presently subject to two blanket mortgage liens in favor of First Hawaiian Bank, both of which contain provisions for releasing prior to conveyance of a unit. (see Exhibit D to this Report) The Developer may also obtain an interim construction loan for this Project which will also be secured by a blanket mortgage lien having similar release provisions. | Buyer may not be able to obtain the apartment, but Buyer's deposits will be refunded. |

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:

[ X] 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

[X] Electricity (Common areas only)

[ ] Television Cable

[ ] Gas

[X] Water and Sewer

[X] 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 1, 1992. The estimated completion date for the Project is August 1, 1993.

## K. Project Phases:

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

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

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

[X] Notice to Owner Occupants

[X] Specimen Sales Contract

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

[X] Escrow Agreement dated July 8, 1992

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

[ ] Other _____

## IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

A portion of the Fairway Village At Waikele Project is being developed and marketed in cooperation with the Department of Housing and Community Development ("DHCD") of the City and County of Honolulu (the "City") and is intended to make available affordable housing to would-be purchasers whose incomes do not exceed 150% of the median income (adjusted for family size) for the Honolulu Metropolitan Statistical Area ("Gap Group Income Purchasers"). As a result, one hundred twelve (112) apartment units in the Project will be sold at prices below the market value of comparable housing units as determined by DHCD and the Developer, and the units will be made available only to persons who qualify as Gap Group Income Purchasers. The "affordable" apartment units in the Project are all those units located within Buildings A, B, C, D, E, F, G, H, J, K, L, M, N, and P.

The median income limits for eligible prospective Gap Group Income Purchasers are as follows:

| Family Size | Annual Gross Household Income* |
|---|---|
| 2 | $55,000.00 |
| 3 | $62,100.00 |
| 4 | $69,000.00 |
| 5 | $74,520.00 |

*Annual Gross Household Income means the total amount of annual income of the applicant and/or co-applicant/spouse from all sources before deductions. Social security benefits, COLA, BAQ and VHA are considered income.

In addition, to be eligible to purchase an "affordable" unit, 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. 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;

5. Represent that the applicant does not own property anywhere which is suitable for dwelling purposes; and

6. Submit personal information, including income tax returns, by which DHCD will evaluate the applicants eligibility to purchase.

A description of the eligibility requirements and the required personal information, representations 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 GAP GROUP INCOME PURCHASERS ARE URGED TO REVIEW THESE FORMS BEFORE APPLYING TO PURCHASE A UNIT IN THE PROJECT.

Prospective Gap Group Income 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 City which will remain in force for two (2 ) years. 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 City 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 restrictions and option in favor of the City is attached to this Report as Exhibit "J" and is also contained in the applicable "Specimen Deed" submitted with this Condominium Registration. PROSPECTIVE GAP GROUP INCOME 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.

ALL PROSPECTIVE PURCHASERS should also be aware that the land under development is subject to certain special conditions and restrictions contained in various documents that affect the land, including (i) the reservations and exceptions contained in that certain Deed dated December 21, 1983, filed in the Office of the Assistant Registrar of the Land Court as Document No.1209274 and recorded in the Bureau of Conveyances in Book 17537 at Page 36; (ii) the terms and provisions of the Master Declaration Of Covenants, Conditions And Restrictions For The Waikele Community ("Master Declaration"); and (iii) certain special conditions applicable to residential developments within the Waikele Community which are set forth in the Condominium Declaration.

1. Among other things, the reservations contained in the aforesaid Deed include: "the perpetual right and easement over and upon the premise to discharge, emit or transmit surface water run off, noise, smoke, soot, dust, lights, vapors, odors and other substances and phenomena of every description created by and resulting from the burning of sugar canes and bagasse, milling, generating power, trucking, hauling and other activities incidental to the operation of a sugar cane plantation or alternative energy projects, and the grantees, successor and assigns does hereby waive any and all claims under any law whatsoever against the Grantor."

2. Basically, the Master Declaration provides:

(a) for the establishment of a non-profit corporation incorporated pursuant to Chapter 415B of the Hawaii Revised Statutes known or to be known as the Waikele Community Association (hereinafter the "Master Association");

(b) that every owner of an apartment in a condominium project in the Waikele Community (including this Condominium) shall be a member of the Master Association by virtue of such ownership;

(c) that each association of owners of a condominium project that is part of the Waikele Community (including the association of this Condominium) will be considered a "Neighborhood Association" of the Master Association.

(d) that the Master Association, through each Neighborhood Association, shall have the power and authority to have levied against each "Lot" (including each apartment in this Condominium) and to have collected from the owner thereof, regular "Maintenance Assessments", "Special Assessments", "Assessments for Capital Contributions" and "Neighborhood Assessments", which are separate from and in addition to the assessments made by the condominium association, to pay the common expenses of this Condominium; and

(e) that liens may be created on Lots (including apartments in this Condominium) for non-payment of assessments made in behalf of the Master Association.

(f) that by acquiring an ownership interest in an apartment in this Condominium, each owner covenants and agrees that he/she and the family, lessees, tenants and guests of such owner will abide by all applicable terms, covenants, conditions and provisions set forth in the Master Declaration and the Articles of Incorporation, By-Laws and any duly adopted rules and regulations of the Master Association.

It is estimated that the Maintenance Assessments payable to the Master Association during the next year will be approximately $35.00 per month for regular market price apartment units and one-half (1/2) of the regular assessment, or $17.50 per month, for "affordable" units.

3. The special conditions set forth in the Condominium Declaration include:

(a) An acknowledgement that the Waikele Community is located near or adjacent to properties (hereinafter referred to as "Agricultural Properties"), that are used for the production of sugar cane, other agricultural uses and the development of alternative energy projects. An easement is hereby reserved over the Waikele Community for the benefit of the owners of the Agricultural Properties and their successors-in-title for the transmission, discharge, or emission of surface water runoff, noise, smoke, soot, dust, noxious vapors, odors and other substances which are created by and result from (i) all activities incidental to the operation of a sugar cane field including, but not limited to, burning sugar cane and bagasse and milling, trucking, and hauling sugar cane; (ii) the operation of diversified agricultural projects; and (iii) the development and operation of alternative energy projects.

(b) An acknowledgement that the Waikele Community may be in an area in which noise levels exceed noise level standards promulgated by the State of Hawaii and that the Waikele Community is located within an area in which noise levels exceed noise level standards for residential-zoned areas promulgated by the Department of Health, State of Hawaii.

(c) An acknowledgement and covenant by each owner of an apartment (i) that the Waikele Community is located adjacent to a proposed golf course (the "Golf Course") and commercial center (the "Waikele Commercial Center"), both of which are not members of the Master Association; (ii) that such proximity may create conditions of nuisance or hazard to person and/or property as a result of golf course operations, including any existing or future golf driving ranges, clubhouse activities, relocation and reconfiguration of the golf course design or other golf-related activities; and (iii) that the owner shall assume all risks associated with being located in the proximity of the Golf Course or the Waikele Commercial Center, including, but not limited to, the risk of property damage or personal injury arising from stray golf balls or actions incidental to golf course operations and other golf related activities.

(d) An easement permitting golf balls unintentionally to come upon property, if any, immediately adjacent to the Golf Course and permitting golfers at reasonable times and in a reasonable manner to come upon such property to retrieve errant golf balls; provided that, if any of the property is fenced or walled, the golfer is required to seek the property owner's permission before entry.

(e) An easement (i) permitting the Golf Course, its guests, invitees, employees, agents, contractors and designees access and use over all roadways located within the Waikele Community (not including the driveways and parking areas designated as common elements of this Condominium) which are reasonably necessary for travel to and from the entrance to the Waikele Community, to and from the Golf Course and, further, over those portions of the Waikele Community reasonably necessary for the operation, maintenance, repair and replacement of the Golf Course; and (ii) permitting guests of the Golf Course and other permitted members of the public shall have the right to park their vehicles on the roadways located within the Waikele Community (but not the driveways and parking areas designated as common elements of the Condominium) at reasonable times before, during and after golf tournaments and other similar functions held by or at the Golf Course.

(f) Access easements within and buffer zone easements along portions of the Paiwa Street Extension and the Navy Gate Road within the Waikele Community in favor of the United States of America, Department of Navy, in connection with the Navy's access to and possible transporting of munitions to and from the Waikele Branch of the Naval Magazine, Lualualei.

## Buyer's Right to Cancel Sales Contract:

A. Rights Under the condominium Statute:

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

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

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

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

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

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

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

B. Rights Under the Sales Contract:

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

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Condominium Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other Specimen Apartment Deed; Master Declaration of Covenants, Conditions and Restrictions for the Waikele Community

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. 2703 filed with the Real Estate Commission on

August 12, 1992.

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Stanley M. Kurijama for

MARCUS NISHIKAWA, Chair
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Department of Finance, City & County of Honolulu
Planning Department, City & County of Honolulu
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 refuse collection areas, including the fifteen (15) trash enclosures located at various places throughout the proposed Condominium as shown on the proposed Condominium Map.

(d) All sidewalks, pathways, parking areas, parking stalls (including forty-five (45) "guest" or "visitor" parking stalls and three (3) extra parking stall for car wash use as designated in Exhibit "B" hereto), and the driveways and roads within the proposed Condominium.

(e) The one-story building identified on the proposed Condominium Map as the "Recreation Center".

(f) 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.

(g) 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.

(h) 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, maintenance, 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:

(a) Each apartment will have appurtenant to it at least one parking stall. Each parking stall is identified on the Condominium Map by a parking stall number. The following list is a list of all of the apartments of the Condominium showing the unit type of each apartment and showing the parking stall(s) initially appurtenant to each apartment. A parking stall marked "C" on the following list and on the Condominium Map indicates a parking stall which is "compact" in size. A parking stall marked "HC" on the following list and on the Condominium Map indicates a parking stall which is oversized for the handicapped. Two parking stall numbers separated by a "/" mark on the following list indicates stalls that are "Tandem", that is, one behind the other. The additional "C", "HC" and "/" markings appearing on the Condominium Map and/or the following list are for informational purposes only and do not constitute part of the legal identification of a parking stall, the sole means of identification being the parking stall number.

| APARTMENT NO. | UNIT TYPE | STALL NO. | APARTMENT NO. | UNIT TYPE | STALL NO. |
|---|---|---|---|---|---|
| A- 101 | D | 11 | D- 101 | D | 73 |
| A- 102 | C | 10 | D- 102 | C | 69 |
| A- 103 | C | 7 | D- 103 | C | 66 |
| A- 104 | D | 2 | D- 104 | D | 64 |
| A- 201 | D | 12 | D- 201 | D | 74 |
| A- 202 | C | 9 | D- 202 | C | 68 |
| A- 203 | C | 8 | D- 203 | C | 67 |
| A- 204 | D | 1 | D- 204 | D | 63 |
| B- 101 | A | 17 | E- 101 | B | 80 |
| B- 102 | A | 18 | E- 102 | B | 79 |
| B- 103 | A | 15 | E- 103 | B | 78 |
| B- 104 | A | 16 | E- 104 | B | 77 |
| B- 201 | A | 19 | E- 201 | B | 82 |
| B- 202 | A | 20 | E- 202 | B | 81 |
| B- 203 | A | 13 | E- 203 | B | 76 |
| B- 204 | A | 14 | E- 204 | B | 75 |
| C- 101 | A | 30HC | F- 101 | B | 88 |
| C- 102 | A | 31 | F- 102 | B | 87 |
| C- 103 | A | 23 | F- 103 | B | 86 |
| C- 104 | A | 24 | F- 104 | B | 85 |
| C- 201 | A | 28 | F- 201 | B | 90 |
| C- 202 | A | 29 | F- 202 | B | 89 |
| C- 203 | A | 21 | F- 203 | B | 84 |
| C- 204 | A | 22 | F- 204 | B | 83 |

| APARTMENT NO. | UNIT TYPE | STALL NO. |
|---|---|---|
| G- 101 | D | 101 |
| G- 102 | C | 99 |
| G- 103 | C | 96 |
| G- 104 | D | 92 |
| G- 201 | D | 102 |
| G- 202 | C | 98 |
| G- 203 | C | 97 |
| G- 204 | D | 91 |
| H- 101 | B | 140 |
| H- 102 | B | 139 |
| H- 103 | B | 136 |
| H- 104 | B | 135 |
| H- 201 | B | 142 |
| H- 202 | B | 141 |
| H- 203 | B | 138 |
| H- 204 | B | 137 |
| J- 101 | A | 150HC |
| J- 102 | A | 147 |
| J- 103 | A | 145 |
| J- 104 | A | 146 |
| J- 201 | A | 148 |
| J- 202 | A | 149 |
| J- 203 | A | 143 |
| J- 204 | A | 144 |
| K- 101 | D | 162 |
| K- 102 | C | 159 |
| K- 103 | C | 156 |
| K- 104 | D | 152 |
| K- 201 | D | 163 |
| K- 202 | C | 158 |
| K- 203 | C | 157 |
| K- 204 | D | 151 |
| L- 101 | B | 193 |
| L- 102 | B | 190 |
| L- 103 | B | 188 |
| L- 104 | B | 185 |
| L- 201 | B | 192 |
| L- 202 | B | 191 |
| L- 203 | B | 187 |
| L- 204 | B | 186 |
| M- 101 | D | 198 |
| M- 102 | C | 201 |
| M- 103 | C | 204 |
| M- 104 | D | 209HC |
| M- 201 | D | 197 |

| APARTMENT NO. | UNIT TYPE | STALL NO. |
|---|---|---|
| M- 202 | C | 202 |
| M- 203 | C | 203 |
| M- 204 | D | 208 |
| N- 101 | D | 229HC |
| N- 102 | C | 232 |
| N- 103 | C | 235 |
| N- 104 | D | 239 |
| N- 201 | D | 230 |
| N- 202 | C | 233 |
| N- 203 | C | 234 |
| N- 204 | D | 240 |
| P- 101 | D | 264 |
| P- 102 | C | 261 |
| P- 103 | C | 258 |
| P- 104 | D | 253HC |
| P- 201 | D | 265 |
| P- 202 | C | 260 |
| P- 203 | C | 259 |
| P- 204 | D | 255 |
| Q- 101 | F | 243; 241C |
| Q- 102 | E | 244; 242C |
| Q- 103 | E | 247; 251C |
| Q- 104 | F | 248; 252C |
| Q- 201 | E | 245; 250C |
| Q- 202 | E | 246; 249C |
| R- 101 | F | 274; 280C |
| R- 102 | E | 273; 275C |
| R- 103 | E | 270; 267C |
| R- 104 | F | 269; 266C |
| R- 201 | E | 272; 276C |
| R- 202 | E | 271; 268C |
| S- 101 | F | 290; 291C |
| S- 102 | E | 289; 292C |
| S- 103 | E | 286; 282 |
| S- 104 | F | 285; 281 |
| S- 201 | E | 288; 284 |
| S- 202 | E | 287; 283 |
| T- 101 | G | 300; 301 |
| T- 102 | G | 299; 294C |
| T- 201 | G | 298; 302 |
| T- 202 | G | 297; 295C |

| APARTMENT NO. | UNIT TYPE | STALL NO. |
|---|---|---|
| U- 101 | F | 320; 306C |
| U- 102 | E | 319; 308C |
| U- 103 | E | 316; 310C |
| U- 104 | F | 315; 311C |
| U- 201 | F | 321; 307C |
| U- 202 | E | 318; 309C |
| U- 203 | E | 317; 312C |
| U- 204 | F | 314; 313C |
| V- 101 | J | 342/343; 344 |
| V- 102 | J | 338/339; 340/341 |
| V- 103 | H | 334/335; 336/337 |
| V- 104 | H | 330/331; 332/333 |
| V- 105 | J | 326/327; 328/329 |
| V- 106 | J | 322/323; 324/325 |
| W- 101 | H | 351; 352 |
| W- 102 | H | 349; 350 |
| W- 103 | J | 347; 348 |
| W- 104 | J | 345; 346 |
| X- 101 | H | 359/360; 361/362 |
| X- 102 | H | 357; 358 |
| X- 103 | J | 355; 356 |
| X- 104 | J | 353; 354 |
| Y- 101 | J | 375/376; 377/378 |
| Y- 102 | J | 371/372; 373/374 |
| Y- 103 | H | 367/368; 359/370 |
| Y- 104 | H | 363/364; 365/366 |
| Z- 101 | H | 389/390; 391/392 |
| Z- 102 | H | 385/386; 387/388 |

| APARTMENT NO. | UNIT TYPE | STALL NO. |
|---|---|---|
| Z- 103 | J | 381/382; 383/384 |
| Z- 104 | J | 379/380 |
| AA- 101 | H | 405/406 |
| AA- 102 | H | 401/402; 403/404 |
| AA- 103 | J | 397/398; 399/400 |
| AA- 104 | J | 393/394; 395/396 |
| BB- 101 | H | 413/414 |
| BB- 102 | H | 411/412 |
| BB- 103 | J | 409/410 |
| BB- 104 | J | 407/408 |
| CC- 101 | J | 427/428; 429/430 |
| CC- 102 | J | 423/424; 425/426 |
| CC- 103 | H | 419/420; 421/422 |
| CC- 104 | H | 415/416; 417/418 |
| DD- 101 | J | 443/444; 445/446 |
| DD- 102 | J | 439/440; 441/442 |
| DD- 103 | H | 435/436; 437/438 |
| DD- 104 | H | 431/432; 433/434 |
| EE- 101 | J | 459/460; 461/462 |
| EE- 102 | J | 455/456; 457/458 |
| EE- 103 | H | 451/452; 453/454 |
| EE- 104 | H | 447/448; 449/450 |
| FF- 101 | H | 475/476; 477/478 |
| FF- 102 | H | 471/472; 473/474 |
| FF- 103 | J | 467/468; 469/470 |
| FF- 104 | J | 463/464; 465/466 |
| GG- 101 | J | 485/486 |
| GG- 102 | J | 483/484 |
| GG- 103 | H | 481/482 |
| GG- 104 | H | 479/480 |
| HH- 101 | J | 497/498 |
| HH- 102 | J | 495/496 |
| HH- 103 | H | 493/494 |
| HH- 104 | H | 491/492 |
| JJ- 101 | H | 511/512; 513/514 |
| JJ- 102 | H | 507/508; 509/510 |
| JJ- 103 | J | 503/504; 505/506 |
| JJ- 104 | J | 499/500; 501/502 |

| APARTMENT NO. | UNIT TYPE | STALL NO. | APARTMENT NO. | UNIT TYPE | STALL NO. |
|---|---|---|---|---|---|
| KK- 101 | J | 521/522 | LL- 101 | J | 539/540; 541/542 |
| KK- 102 | J | 519/520 | LL- 102 | J | 535/536; 537/538 |
| KK- 103 | H | 517/518 | LL- 103 | H | 531/532; 533/534 |
| KK- 104 | H | 515/516 | LL- 104 | H | 527/528; 529/530 |

Additional Parking Stalls
Appurtenant to
Apartment A- 101
Available for Purchase: 3, 4, 5, 6, 25, 26, 27, 32, 33, 36C, 37C, 38C, 39C, 40C, 41C, 42, 43C, 44C, 45, 46C, 47C, 48C, 49C, 50C, 51C, 65, 70, 71, 72, 93, 94, 95, 100, 105C, 106C, 107C, 108, 109C, 110C, 111C, 112C, 113C, 114C, 115C, 118C, 119C, 120C, 121C, 122C, 123C, 124C, 125C, 126C, 127, 128, 131, 132, 133, 134, 153, 154, 155, 160, 161, 166C, 167C, 168C, 169C, 170C, 171C, 172C, 173C, 174C, 175C, 176C, 177C, 178C, 179, 180C, 181C, 184, 189, 194, 195, 196, 199, 200, 205, 206, 207, 212C, 213C, 214C, 215, 216C, 217C, 220C, 221C, 222C, 223, 224C, 225C, 226C, 227C, 228C, 231, 236, 237, 238, 256, 257, 262, 263.

(b) Each fenced-in yard area is a limited common element appurtenant to the first floor apartment which such yard area adjoins. The outer limit of each such yard area is deemed to be the interior surface of the fence (i.e., the surface facing the apartment) enclosing the area.

(c) Each compartment containing hot water heaters and located on the exterior of a building adjacent to apartments located in the building are limited common elements to such ground level apartments and to the second story apartments above them which are served by the water heaters contained in the compartment.

(d) The concrete pad outside the door of each ground level apartment is a limited common element appurtenant to that apartment.

(e) Each stairway and second floor landing providing access to a second floor apartment or to the second floor of a two-story apartment is a limited common element appurtenant to that apartment. Those stairways and landings or lanais which serve two or more second floor apartments or the second floors of two or more two-story apartments shall be limited common elements appurtenant to the apartments so served, provided that the portion of such second floor landing or lanai directly adjacent to the entrance of a second floor apartment or the second floor of a two-story apartment is a limited common element appurtenant to that apartment only.

(f) Each enclosed garage is a limited common element appurtenant to the apartment to which it directly abuts and serves.

(g) The carport structure covering a parking stall is a limited common element appurtenant to the apartment to which the parking stall is appurtenant.

(h) Each mailbox bearing the same identification as an apartment is a limited common element to that apartment.

All costs and expenses pertaining to limited common elements are to be charged to the apartment or apartments to which the limited common elements appertain pursuant to the 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 and expenses will be charged to each apartment; provided, however, that as permitted in the 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"

## APARTMENT COMMON INTERESTS

| Type and Number of Apartments | Apartment Numbers | Percentage of Undivided Interest For Each Apt. | Total Percentage Interest for Each Apt. Type |
|---|---|---|---|
| Type A (24): | B-101, B-102, B-103, B-104, B-201, B-202, B-203, B-204, C-101, C-102, C-103, C-104, C-201, C-202, C-203, C-204, J-101, J-102, J-103, J-104, J-201, J-202, J-203, J-204 | .3994 | 9.5856 |
| Type B (32): | E-101, E-102, E-103, E-104, E-201, E-202, E-203, E-204, F-101, F-102, F-103, F-104, F-201, F-202, F-203, F-204, H-101, H-102, H-103, H-104 H-201, H-202, H-203, H-204, L-101, L-102, L-103, L-104, L-201, L-202, L-203, L-204 | .3831, except for Apartment F-104 having .2789 | 12.1550 |
| Type C (28) | A-102, A-103, A-202, A-203 D-102, D-103, D-202, D-203, G-102, G-103, G-202, G-203, K-102, K-103, K-202, K-203, M-102, M-103, M-202, M-202, N-102, N-103, N-202, N-203, P-102, P-103, P-202, P-203 | .4018 | 11.2504 |
| Type D (28): | A-101, A-104, A-201, A-204, D-101, D-104, D-201, D-204, G-101, G-104, G-201, G-204, K-101, K-104, K-201, K-204, M-101, M-104, M-201, M-204, N-101, N-104, N-201, N-204, P-101, P-104, P-201, P-204 | .4152 | 11.6256 |
| Type E (16) | Q-102, Q-103, Q-201, Q-202, R-102, R-103, R-201, R-202, S-102, S-103, S-201, S-202, U-102, U-103, U-202, U-203 | .4417 | 7.0672 |
| Type F (10) | Q-101, Q104, R-101, R-104, S-101, S-104, U-101, U-104, U-201, U-204 | .4321 | 4.3210 |

| Type and Number of Apartments | Apartment Numbers | Percentage of Undivided Interest For Each Apt. | Total Percentage Interest for Each Apt. Type |
|---|---|---|---|
| Type G (4) | T-101, T-102, T-103, T-104 | .4331 | 1.7324 |
| Type H (32) | V-103, V-104, W-101, W-102, X-101, X-102, Y-103, Y-104, Z-101, Z-102, AA-101, AA-102, BB-101, BB-102, CC-103, CC-104, DD-103, DD-104, EE-103, EE-104, FF-101, FF-102, GG-103, GG-104, HH-103, HH-104, JJ-101, JJ-102, KK-103, KK-104, LL-103, LL-104 | .6116 | 19.5712 |
| Type J (34) | V-101, V-102, V-105, V-106, W-103, W-104, X-103, X-104, Y-101, Y-102, Z-103, Z-104, AA-103, AA-104, BB-103, BB-104, CC-101, CC-102, DD-101, DD-102, EE-101, EE-102, FF-103, FF-104, GG-101, GG-103, HH-101, HH-102, JJ-103, JJ-104, KK-101, KK-102, LL-101, LL-102 | .6674 | 22.6916 |
| | | TOTAL: | 100.0000% |

END OF EXHIBIT "C"

EXHIBIT "D"

Encumbrances Against Title

1. For real property taxes that may be due and owing, reference is made to the Director of Finance, City and County of Honolulu.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. GRANT

| | |
|---|---|
| In Favor Of: | City and County of Honolulu |
| Dated: | July 25, 1974 |
| Document No. | 690819 |
| Book: | 10053 |
| Page: | 439 |
| Purpose: | Easement "C" (20.00 feet wide) for water pipeline(s) purposes |

4. GRANT

| | |
|---|---|
| In Favor Of: | City and County of Honolulu |
| Dated: | October 16, 1979 |
| Document No. | 998049 |
| Purpose: | Easement over, under, across and through Easement 2968 |

5. Reservations and exceptions as contained in:

DEED

| | |
|---|---|
| Dated: | December 21, 1983 |
| Document No. | 1209274 |
| Book: | 17537 |
| Page: | 36 |
| | to-wit: |

"Reserving and excepting to the Grantor, its successors and assigns forever, as appurtenant to the lands of the Grantor located in the district of the Premises now owned and used or hereafter acquired and used by the Grantor, its successors and assigns, in its sugar plantation operations, the perpetual right and easement over and upon the Premises to discharge, emit, or transmit surface water runoff, noise, smoke, soot, dust, lights, vapors, odors and other substances and phenomena of every description created by and resulting from the reasonable operations of the Grantor, its successors and assigns, in burning sugar cane and bagasse, milling, generating power, trucking, hauling and all other activities incidental to the operation of a sugar cane plantation or alternative energy projects; and Grantee, its successors and assigns, does hereby waive any and all claims under any law whatsoever against Grantor arising therefrom."

6. Certificate dated April 16, 1986, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1366767, and also recorded in the Bureau of Conveyances of the State of Hawaii in Book 19447 Page 217, made by Amfac Property Investment Corp., a Hawaii corporation. Re: Reclassification of land from Agricultural district to Urban district, subject to the conditions set forth herein.

7. Certificate dated March 31, 1986, recorded in the Bureau of Conveyances of the State of Hawaii in Book 19393 Page 686, made by Amfac Property Development Corp., a Hawaii corporation. Re: Reclassification of land from Agricultural district to Urban district, subject to the conditions set forth herein. (Note noted on Transfer Certificate of Title No. 390,435)

8. Restrictions, covenants and conditions as contained in:

CERTIFICATE

| | |
|---|---|
| Dated: | September 30, 1986 |
| Document No. | 1414537 |
| | to which reference is hereby made |

9. The terms and provisions as contained in:

UNILATERAL AGREEMENT AND DECLARATION FOR CONDITIONAL ZONING

| | |
|---|---|
| Dated: | November 14, 1986 |
| Document No. | 1416018 |
| | to which reference is hereby made |

10. Restrictions, covenants and conditions as contained in:

MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE WAIKELE COMMUNITY

| | |
|---|---|
| Dated: | December 28, 1990 |
| Document No. | 1791991 |
| | to which reference is hereby made |

The foregoing Master Declaration was amended by the following:

| Dated | Document No. |
|---|---|
| January 17, 1991 | 1795699 |
| January 31, 1991 | 1798643 |
| December 23, 1991 | 1875415 |
| December 23, 1991 | 1875423 |

11. Restrictions, covenants and conditions as contained in:

DEED

| | |
|---|---|
| Dated: | December 23, 1991 |
| Document No. | 1875416 |
| | to which reference is hereby made |

12. Restrictions, covenants and conditions as contained in:

MEMORANDUM OF DECLARATION OF DEVELOPMENT COVENANTS, CONDITIONS AND RESTRICTIONS

| | |
|---|---|
| Dated: | December 23, 1991 |
| Document No. | 1875417 |
| | to which reference is hereby made |

13. The terms and provisions of that certain Memorandum of Option Agreement and Escrow Instructions dated December 23, 1991, made by and between Amfac Property Development Corp., a Hawaii corporation, "Amfac", and JPS Hawaii, Inc., a Hawaii corporation, "Builder", filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1875418, to which reference is hereby made.

14. MORTGAGE

| | |
|---|---|
| Mortgagor: | JPS Hawaii, Inc., a Hawaii corporation |
| Mortgagee: | First Hawaiian Bank, a Hawaii corporation |
| Dated: | December 23, 1991 |
| Document No. | 1875419 |
| To Secure: | $7,250,000.00 |
| | and any additional advances and other amount secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to. |

Subordination and Estoppel dated December 28, 1991, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1875420. Re: unrecorded Option Agreement and Escrow Instructions, to the foregoing Mortgage.

15. ADDITIONAL SECURITY REAL PROPERTY MORTGAGE AND FINANCING STATEMENT

| | |
|---|---|
| Assignor: | JPS Hawaii, Inc., a Hawaii corporation |
| Assignee: | First Hawaiian Bank, a Hawaii corporation |
| Dated: | December 23, 1991 |
| Document No. | 1875430 |
| To Secure: | $19,894,000 .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. |

16. FINANCING STATEMENT

| | |
|---|---|
| Debtor: | JPS Hawaii, Inc. |
| Secured Party: | First Hawaiian Bank |
| Filed On: | December 23, 1991 |
| Document No. | 91-178559 |

17. Easement 2968, as shown on Map 520, as set forth by Land Court Order No. 53422, filed on June 7, 1979 .

18. Easement 4901, as shown on Map 787, as set forth by Land Court Order No. 100008, filed on October 31, 1990.

19. Easement 4902, as shown on Map 787, as set forth by Land Court Order No. 100008, filed on October 31, 1990.

20. Easement 5039, as shown on Map 819, as set forth by Land Court Order No. 104899, filed on December 4, 1991.

21. Easement 5040, as shown on Map 819, as set forth by Land Court Order No. 104899, filed on December 4, 1991.

22. Easement 5041, as shown on Map 819, as set forth by Land Court Order No. 104899, filed on December 4, 1991.

23. Easement 5042, as shown on Map 819, as set forth by Land Court Order No. 104899, filed on December 4, 1991.

24. Easement 5043, as shown on Map 819, as set forth by Land Court Order No. 104899, filed on December 4, 1991.

FOR INFORMATION ONLY:

CERTIFICATE OF MERGER

| | |
|---|---|
| Dated: | February 13, 1992 |
| Document No. | 1912504 |
| Re: | JPS Hawaii, Inc., a Hawaii corporation merged with and into Schuler Homes, Inc., a Delaware corporation. |

END OF EXHIBIT "D"

## EXHIBIT "E"

## ESTIMATE OF INITIAL MAINTENANCE FEES
## AND
## ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

| Apartment | Monthly Fee x 12 months = | Yearly Total |
|---|---|---|
| Type A | $95.34 | $1,144.08 |
| Type B | $91.45 | $1,097.40 |
| Type C | $95.91 | $1,150.92 |
| Type D | $99.11 | $1,198.68 |
| Type E | $105.43 | $1,253.16 |
| Type F | $103.14 | $1,237.68 |
| Type G | $103.38 | $1,240.56 |
| Type H | $145.99 | $1,751.88 |
| Type J | $159.31 | $1,911.72 |

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

FAIRWAY VILLAGE AT WAIKELE

(208 UNITS)

ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS:

| | Monthly | x 12 months = Yearly |
|---|---|---|
| Utilities and Services | | |
| Electricity (Common elements Only) | 900 | 10,800 |
| Refuse Collection | 2,500 | 30,000 |
| Water/Sewer | 6,691 | 80,292 |
| Maintenance, Repairs & Supplies | | |
| Buildings | 75 | 900 |
| Grounds | 4,000 | 48,000 |
| Management | | |
| Management Fee | 2,227 | 26,724 |
| Payroll and Payroll Taxes | N/A | |
| Office Expenses | 277 | 3,324 |
| Insurance | 1,342 | 16,104 |
| Reserves | 5,518 | 66,216 |
| Audit and Tax Preparation | 190 | 2,280 |
| Taxes & Government Assessments | 20 | 240 |
| Other | 130 | 1,560 |
| TOTAL | $23,870 | $286,440 |

We, Chaney, Brooks & Company, as managing agents for the condominium project hereby certify that the above estimate of initial maintenance fee assessments and the monthly cash operating costs were prepared in accordance with generally accepted accounting principals. The information contained herein is based on the data available to us at the time.

Linda T. Alexander
Vice President

July 8, 1992

END OF EXHIBIT "E"

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, t hat:

> 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 (l) 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 (l) 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___.

_____ _____

_____ By_____(Seal)

(Warrantor's Address) 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: (l) 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.

END OF EXHIBIT "G"

EXHIBIT "H"

ESCROW AGREEMENT SUMMARY

The Escrow Agent sets forth that the Escrow Agent for the Fairway Village At Waikele 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 closing 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-closing" 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"

# FAIRWAY VILLAGE
# GAP GROUP

## INSTRUCTION SHEET

Thank you for your interest in our Fairway Village at Waikele. We are pleased to again be chosen as the developer to provide affordable housing in the Waikele master planned community.

The following Buyer Information forms are required by the Developer and the City and County, Department of Housing and Community Development (DHCD) 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 3 copies of your latest signed FEDERAL tax return must be either delivered in person or mailed by certified mail to Schuler Homes, Inc., 1001 Bishop Street, Pacific Tower, Suite 1060, Honolulu, Hawaii, 96813, no later than ten (10) business days from the date you signed up for the project; or by August 28th at 5:00 pm. Applications received after the deadline will be placed on a waiting list.

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. Submit orignal plus one copy.**

1a Real Estate Commission Affidavit
   This form must be signed by all parties in front of a notary public. **Submit orignal only.**

2. Housing Application Form - Three (3) pages
   These pages must be completely filled out. All information will kept be confidential and will be submitted to DHCD 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. **Submit original plus two copies.**

3. Tax Returns
   You must submit copies of your 1991 or latest year of your FEDERAL tax return with all schedules attached to your DHCD application. **Submit three of each signed by all parties.**

**EXHIBIT "I"**
(Continuation)

Once you have returned all the completed forms with your signed tax returns, your application will be reviewed and sent to DHCD and our lender for review. 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 you must 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.

**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.**

## WHAT HAPPENS NEXT?

1. Schuler Homes, Inc. will make an initial review of all applications along with the County to determine whether the household meets the County eligibility requirements.

2. All applications will be reviewed by a Lender to determine their ability to purchase.

3. A lottery will be held to determine order of priority in selecting a home. Applicants are not required to attend the lottery.

4. Results of the lottery will be mailed to you. Please do not call our office for the lottery results.

5. The developer will then assist you in the selection of your home.

6. At all stages of the application process you will be responsible for notifying Schuler Homes, Inc., of any changes in your mailing address and telephone numbers. Please phone (808) 526-3588 (Honolulu).

If you have any questions, please call, Schuler Homes, Inc. at 526-3588, Monday through Friday, 8:30 AM to 4:30 PM.

EXHIBIT "I"
(Continuation)

SAMPLE ONLY

1409

# FAIRWAY VILLAGE
# GAP GROUP

## HOUSING APPLICATION

**MUST BE FILLED IN COMPLETELY.**

Applicant:_____ Spouse:_____

Address:_____

Phone Residence:_____ Business:_____

Number of Family Members to Occupy Home:_____

Total Family Income as Indicated on Tax Return(s): $_____

| | Yes | No |
|---|---|---|
| Are you a US citizen or resident alien? | ____ | ____ |
| Are you at least 18 years of age? | ____ | ____ |
| Are you a bona fide resident of the State of Hawaii? | ____ | ____ |
| Will you live in the home? | ____ | ____ |
| Do you own any other property suitable for dwelling purposes? | ____ | ____ |
| Is your income tax return attached? **YOUR INCOME TAX RETURN MUST BE SIGNED** | ____ | ____ |

Cash Available for Downpayment: $_____

Employer:_____ Monthly Income: $_____

Spouse's Employer:_____ Monthly Income: $_____

Interest/Dividend:_____ Monthly Income: $_____

Other:_____ Monthly Income: $_____

Total Family Monthly Income: $_____

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

**EXHIBIT "I"**
(Continuation)

SAMPLE ONLY

**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 placement in the lottery will not be accepted unless the above information is **complete and the signed tax returns are attached.**

3. Applicant understands that application and placement in the lottery does not guarantee applicant will qualify to purchase. Final determination will be made by the City Department of Housing & Community Development and the lending institution.

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

_____ _____
APPLICANT SPOUSE

DATE: _____

EXHIBIT "I"
(Continuation)

SAMPLE ONLY

**FAIRWAY VILLAGE GAP GROUP**

**HOUSING APPLICATION - PAGE 2**

Applicant: _____
Last First Middle Intial(s)

Date of Birth: _____ Sex: _____ SS/Alien ID No. _____

Co-Applicant: _____
Last First Middle Initial(s)

Date of Birth: _____ Sex: _____ SS/Alien ID No. _____

Marital Status: Single _____ Married _____ Separated/Divorced _____

Current Address: _____

Phone Res: _____ /Bus: _____

Current Housing Expense: $ _____ Includes Utilities: Yes ___ No ___

LIST BELOW THE NAMES OF ALL MEMBERS TO OCCUPY THE UNIT:

| Name | Relation | SS# | Sex | Age | Employer | FOR OFFICE USE ONLY Verification |
|---|---|---|---|---|---|---|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

**EXHIBIT "I"**
(Continuation)

SAMPLE ONLY

| INCOME | Applicant | FOR OFFICE USE ONLY Verification | Co-Appl. | FOR OFFICE USE ONLY Verification |
|---|---|---|---|---|
| Base Pay | _____ | _____ | _____ | _____ |
| Overtime | _____ | _____ | _____ | _____ |
| Commission | _____ | _____ | _____ | _____ |
| Bonus | _____ | _____ | _____ | _____ |
| Cola | _____ | _____ | _____ | _____ |
| Other | _____ | _____ | _____ | _____ |
| Total | $_____ | _____ | _____ | _____ |

Other - Please explain:

_____ _____ $_____

_____ $_____

Total Monthly $_____ X 12 = Total Annual $_____

Family Size:_____

EXHIBIT "I"
(Continuation)

SAMPLE ONLY

**FAIRWAY VILLAGE GAP GROUP**

**HOUSING APPLICATION - PAGE 3**

**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 |
|---|---|---|---|---|
| | | | $ | $ |
| | | | $ | $ |
| | | | $ | $ |

Signature _____ Date _____

Signature _____ Date _____

EXHIBIT "I"
(Continuation)

SAMPLE ONLY

# FAIRWAY VILLAGE GAP GROUP

## 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 the FAIRWAY VILLAGE a fee simple multi-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 does not exceed 150% of the median income (adjusted for family size) for the Honolulu Metropolitan Statistical Area 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:

MEDIAN INCOME LIMITS

| Family Size | 150% & below |
|---|---|
| 2 | 55,200 |
| 3 | 62,100 |
| 4 | 69,000 |
| 5 | 74,520 |

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:

**EXHIBIT "I"**
(Continuation)

SAMPLE ONLY

| | Name | Age |
|---|---|---|
| 1. | _____ | _____ |
| 2. | _____ | _____ |
| 3. | _____ | _____ |
| 4. | _____ | _____ |
| 5. | _____ | _____ |

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 represent that we were not owner(s) individually, or with a spouse jointly, of a majority interest, in fee simple or leasehold, in a dwelling unit or of real property within the State of Hawaii on which it was suitable to construct a dwelling unit, at any time within twelve (12) months preceding the date we applied to purchase a unit, and thereafter from the date of the application to the consummation of the purchase.

8. By signing this document, we authorize the City and County of Honolulu, by designated employees of the Department of Housing and Community Development, to periodically verify compliance with each of the provisions herein.

OWNER-OCCUPANT(S)

| | |
|---|---|
| _____ | _____ |
| ADDRESS | PURCHASER SIGNATURE |
| _____ | _____ |
| CITY, STATE, ZIP CODE | PURCHASER SIGNATURE |
| _____ | _____ |
| PHONE NO. (RESIDENCE) | PURCHASER SIGNATURE |
| _____ | _____ |
| PHONE NO. (BUSINESS) | PURCHASER SIGNATURE |

**EXHIBIT "I"**
(Continuation)

SAMPLE ONLY

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

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, First Judicial Circuit
State of Hawaii

My Commission Expires:

END OF EXHIBIT "I"

EXHIBIT "J"

Full Text of Deed Restrictions on Use, Occupancy and Transfer
and "Buy-Back" Option in Favor of the City and County of Honolulu

PROVIDED, HOWEVER, THAT the use, occupancy and transfer of the premises described in Items FIRST and SECOND above (the "Apartment") shall be subject to the following restrictions and reservation of right, to wit:

For a period of two (2) years following the date of recordation of this Apartment Deed, if the Grantee wishes to transfer title to the Apartment, or if the 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 City and County of Honolulu (the "City") by and through its Department of Housing and Community Development ("DHCD") or any department of the City which succeeds to the functions of or replaces DHCD, shall have the right, in the nature of an option, to purchase and acquire the Apartment at a price (the "Option Purchase Price") which shall not exceed the sum of:

(A) The original purchase price of the Apartment paid by the Grantee;

(B) The original cost of any improvements added to the Apartment by the Grantee; and

(C) Simple interest on the Grantee's original 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 City.

The City 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).

If the City elects to make an outright purchase of the Apartment, the City shall insure that all existing mortgage liens and the indebtedness secured thereby are properly discharged. If the City elects to acquire the Apartment subject to existing liens, the City shall agree to assume and pay the balance of indebtedness secured by any purchase money first mortgage and any other recorded creditor's liens on the Apartment. 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 City at the time title to the Apartment is acquired.

The foregoing restrictions and the option in favor of the City shall not apply in the case of a partial transfer of title to the Apartment to a surviving Grantee by operation law upon the death of a Grantee who held title to the Apartment in joint tenancy with the surviving Grantee, provided that the restriction and option shall remain in full force and effect with regard to any subsequent transfer by the surviving Grantee. Similarly, the foregoing restriction and option shall not apply in the case of a transfer of title upon the death of the Grantee by devise or the laws of descent, provided that the restrictions and option shall remain in full force and effect with regard to any subsequent transfer or rental of the Apartment by the devisee(s) or heir(s) at law of the Grantee, unless specifically waived in writing by the City.

The foregoing restrictions and the option in favor of the City 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 DHCD (or its successor or replacement department) ninety (90) days prior written notice of the mortgagor's default and its intention to foreclose or exercise power of sale and names the City as a party defendant in any mortgage foreclosure proceedings.

Any law to the contrary notwithstanding, as long as the foregoing restrictions and the option in favor of the City is in effect at the time foreclosure on the Apartment is initiated or a power of sale is exercised, the City 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.

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

In enforcing the foregoing restrictions and option, DHCD (or its successor or replacement department) 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 to the Grantee as the principal residence and that the Apartment or a part thereof is not being leased or rented.

In any event, the foregoing restrictions on the use, occupancy and transfer of the Apartment and the reserved right in favor of the City 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 City, at 12:00 midnight on _____.

END OF EXHIBIT "J"