# CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Kekuilani Development Company
Address 1541 South Beretania Street, Suite 204, Honolulu, Hawaii 96826

Project Name(*): Kekuilani Villas
Address: Honouliuli, District of Ewa, Honolulu, Hawaii

Registration No. 3025

Effective date: February 14, 1994
Expiration date: March 14, 1995

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

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

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

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 by the developer when complete information is filed.

___ FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[ ] No prior reports have been issued.
[ ] This report supersedes all prior public reports.
[ ] This report must be read together with _____

___ SUPPLEMENTARY: (pink) This report updates information contained in the:
[ ] Preliminary Report dated: _____
[ ] Final Public Report dated: _____
[ ] Supplementary Public Report dated: _____

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

(*)Exactly as named in the Declaration

FORM: RECO-30 286/986/189/1190/892

Disclosure Abstract: Separate Disclos... Abstract on this condominium project:

[ ] Required and attached to this report [X] Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

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

[ ] Changes made are as follows:

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EXHIBIT A: Apartment Numbers, Types, Locations, Area, Common Interest, Lanai Areas, and Parking
EXHIBIT B: Rights Reserved by Developer
EXHIBIT C: Schedule of Buildings
EXHIBIT D: Pets Permitted
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EXHIBIT L: Summary of Executed Escrow Agreement

EXHIBIT M: Miscellaneous Matt. . Self-Management
EXHIBIT N: Summary of Affordable Housing Program; Resale Restrictions and Shared Appreciation
EXHIBIT O: Summary of Apartment Deed

(Capitalized terms used in Exhibits shall have the meanings given such terms in the Declaration of Condominium Property Regime for the Project.)

General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

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 owners/tenants) 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 at the lessee's expenses. 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 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 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 project's 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 the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the 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 important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

## I. PERSONS CONNECTED WITH THE PROJECT

Developer: Kekuilani Development Company, a Hawaii general partnership — Phone: (808) 973-0366 (Business)
Name
1541 South Beretania Street, Suite 204
Business Address
Honolulu, Hawaii 96826

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

MMC Development, a California corporation registered to do business in Hawaii, and Stanford S. Carr Development Corporation, a Hawaii corporation, are the general partners of the Developer. The officers of these two corporations are listed in Part V.C on Page 20.

Real Estate Broker: Marcus & Associates, Inc. — Phone: (808) 839-7446 (Business)
Name
1045 Mapunapuna Street
Business Address
Honolulu, Hawaii 96819
Attention: Mr. Norman M. Noguchi
(For affordable apartments only; See Page 20, "Additional Information," for broker of market-priced apartments)

Escrow: Island Title Corporation — Phone: (808) 531-0261 (Business)
Name
1132 Bishop Street, Suite 400
Business Address
Honolulu, Hawaii 96813
Attention: Mr. Brian Tanabe

General Contractor: Obayashi Corporation — Phone: (808) 593-0000 (Business)
Name
725 Kapiolani Boulevard, Fourth Floor
Business Address
Honolulu, Hawaii 96813
Attention: Mr. Arne Abramson

Condominium Managing Agent: Certified Management, Inc. — Phone: (808) 836-0911 (Business)
Name
3179 Koapaka Street
Business Address
Honolulu, Hawaii 96819-1927
Attention: Ms. Eileen Carter

Attorney for Developer: Dwyer Imanaka Schraff Kudo Meyer & Fujimoto — Phone: (808) 524-8000 (Business)
Name
900 Fort Street Mall, Suite 1800
Business Address
Honolulu, Hawaii, 96813
Attention: Mitchell A. Imanaka, Esq.

## 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. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and 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.

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. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date 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 Conveyances Condo Map No. _____
[ ] Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date 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 manner in which meetings will be conducted, whether pets are prohibited or allowed 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. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information:

D. House Rules. The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirement for keeping pets. 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 adopted 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% |
| Bylaws | 65% | 65% |
| House Rules | --- | Majority of Board of Directors |

* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

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:

See Exhibit B

## III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

[X] Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

[ ] Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

**Leases for individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/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

For Subleaseholds:

[ ] Buyer's sublease may be canceled if the master lease between the sublessor and 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.

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

**Leases for 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 at the lessee's expense; 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:

## IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: Honouliuli, District of Ewa
City and County of Honolulu
State of Hawaii

Tax Map Key: (1) 9-1-16-35 (por)
(TMK)

[X] Address [X] TMK is expected to change because project has not yet been assigned a street address and the land underlying the project has just been subdivided from a larger parcel.

Land Area: 370,719 [X] square feet [ ] acre(s) Zoning: A-1*

*Pursuant to Act 15, 1987 Session Laws of Hawaii, by action of the Housing Finance and Development Corporation, the lands underlying the Project are recognized by the State of Hawaii to be zoned A-1.

Lessor
(Fee Owner): Kekuilani Development Company
Name
1541 South Beretania Street, Suite 204
Address
Hawaii 96826

Sublessor: _____
Name
_____
Business Address
_____

C. Buildings and Other Improvements:

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

2. Number of Buildings: Nineteen (19) Floors Per Building two (2)

[X] Exhibit "C" contains further explanations.

3. Principal Construction Material:

[ ] Concrete [ ] Hollow Tile [X] Wood

[X] Other Glass, Drywall

4. Permitted Uses by Zoning:

| | No. of Apts. | Use Permitted By Zoning | | No. of Apts. | Use Determined By Zoning |
|---|---|---|---|---|---|
| [X] Residential | 151 | [X]Yes [ ]No | [ ] Ohana | _____ | [ ]Yes [ ]No |
| [ ] Commercial | _____ | [ ]Yes [ ]No | [ ] Industrial | _____ | [ ]Yes [ ]No |
| [ ] Mix Res/Comm | _____ | [ ]Yes [ ]No | [ ] Agricultural | _____ | [ ]Yes [ ]No |
| [ ] Hotel | _____ | [ ]Yes [ ]No | [ ] Recreational | _____ | [ ]Yes [ ]No |
| [ ] Timeshare | _____ | [ ]Yes [ ]No | [ ] Other:_____ | | [ ]Yes [ ]No |

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
[X] Yes [ ] No

5. Special Use Restrictions:

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

[X] Pets: Initially not permitted, but Board of Directors may later elect to permit pets with restrictions. See Exhibit "D"

[X] Number of Occupants: Occupancy limited to five (5) individuals per apartment.

[X] Other: Timesharing is prohibited.

[ ] There are no special restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 38 Trash Chutes: 0

| Apt. Type | Quantity | BR/Bath | Net Living Area (sf)* | Lanai/Patio (sf) |
|---|---|---|---|---|
| A | 37 | 2/1 | 843 | 92 |
| B | 38 | 2/2 | 909 | 62 |
| C | 19 | 2/2 | 953 | 45/98 |
| D | 19 | 2/2 | 953 | 40/96 |
| CR | 19 | 2/2 | 953 | 45/98 |
| DR | 19 | 2/2 | 953 | 40/96 |

Total Apartments: 151

***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:

See Exhibit "E"

Permitted Alterations to Apartments:

See Exhibit "F"

7. Parking Stalls:

Total Parking Stalls: 320

| | Regular covered open | Compact covered open | Tandem covered open | TOTAL |
|---|---|---|---|---|
| Assigned (for each unit) | 204 | 90 | | 294 |
| Guest | 10 | 5 | | 15 |
| Unassigned | | | | |
| Extra for Purchase | | | | |
| Other: Handicap | 9 (8 assigned to specific units) | | | 9 |
| Manager | 1 | 1 | | 2 |
| Total Covered & Open | 224 | 96 | | |

Each apartment will have the exclusive use of at least one 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 "A" contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[ ] There are no recreational or common facilities.

[X] Swimming Pool [ ] Storage Area [X] Recreation Area

[ ] Laundry Area [ ] Tennis Court [ ] Trash Chute

[X] Other: Pool area, cabana

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations.

[X] There are no violations [ ] Violations will not be cured.

[ ] Violations and cost to cure are listed below. [ ] Violations will be cured by _____

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):

Not Applicable.

11. Conformance to ent Zoning Code

a. [X] No variances to zoning code have been granted. *

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

*Pursuant to Act 15, 1987 Session Laws of Hawaii, by action of the Housing Finance and Development Corporation, the lands underlying the Project are recognized by the State of Hawaii to be zoned A-1.

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 | | |

*Pursuant to Act 15, 1987 Session Laws of Hawaii, by action of the Housing Finance and Development Corporation, the lands underlying the Project are recognized by the State of Hawaii to be zoned A-1.

If a variance has been granted or if 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 other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

[X] described in Exhibit "G".

[ ] as follows:

2. Limited Common Elements: Limited Common Elements are those co[illegible]on 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 use them, as described in the Declaration, are:

[X] described in Exhibit "H".

[ ] 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 used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

[X] described in Exhibit "A".

[ ] as follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit "I" describes the encumbrances against the title contained in the title report dated February 7, 1994 and issued by Island Title Corporation.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien 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. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

| Type of Lien | Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance |
|---|---|
| | The Developer's interest is also subject to certain construction mortgage and other security liens in favor of the Housing Finance and Development Corporation of the State of Hawaii ("HFDC"), all of which will be released as to the particular apartment being conveyed, prior to the transfer of title to apartment purchasers. In the event of a default by Developer, purchasers' interests may be terminated by HFDC; however, purchasers will receive a refund of their deposits. |

F. 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 general contractor's contract with the Developer contains a one-year warranty against defects in materials or workmanship in the individual Apartment commencing upon the date the Purchaser occupies the Apartment, and a one-year warranty on the common areas and/or remainder of the Project upon substantial completion of the Project. "Substantial completion" is a technical term which generally means that point at which the Project and the improvements therein may be used for its intended purpose. Developer gives no warranty itself, but will merely attempt to pass on the contractors' and general contractors' warranty for the benefit of buyers. Developer's obligations with respect to defects will be limited to assisting buyers in presenting claims to the contractor or general contractor. Further, Developer will cause to be issued to Purchaser at closing a ten-year limited warranty issued by the Home Owners Warranty Corporation.

2. Appliances:

Developer will attempt to assign any manufacturer's warranties covering appliances and furnishings to buyers at closing. There are no Developer's warranties with regard to appliances and furnishings.

Note (as to 1 and 2 above): Except as provided above, Developer disclaims any implied warranty of habitability, any implied warranty of merchantability, any implied warranty of fitness for a particular purpose or use, any implied warranty of workmanship and any other express or implied warranties, with respect to the apartments, the Project, the common elements thereof, or as to any appliances and furnishings contained within the apartments or the Project.

G. Status of Construction and Estimated Completion Date:

Construction of the Project commenced about September 7, 1993 and is scheduled to be completed about October 31, 1994. The Developer can offer no assurances, however, that the Project will be completed on time.

H. Project Phases:

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

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

## IV. CONDOMINIUM MANAGEMENT

A. 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 condominium managing agent to assist the Association in managing the condominium project.

*Initial Condominium Management Agent: When the developer or the developer's affiliate is the initial condominium 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 condominium managing agent for this project, named on page five (5) of this report, is:

[X] not affiliated with the Developer
[ ] the Developer or the Developer's affiliate.
[ ] self-managed by the Association of Apartment Owners
[ ] other_____

*The Association of Apartment Owners may consider and elect to exercise self-management of the condominium project.

B. 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.

Exhibit "J" contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. 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:

[ ] None [X] Electricity * [ ] Gas [X] Water

[X] Sewer [ ] Television Cable [X] Other Trash collection; telephone; radio and television signal distribution

*Electricity is for the common areas of the Project and Manager's Unit, including lighting therefor.

## V. MISCELLANEOUS

A. 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 "K" contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated December 20, 1993.
Exhibit "L" contains a summary of the pertinent provisions of the escrow agreement.

[X] Other Specimen Apartment Deeds

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

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 a Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

A) The Developer delivers to the buyer a copy of:
   1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission;

   **AND**

   2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); AND

C) One of the following has occurred:
   1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
   2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
   3) 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:

A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND

B) 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.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
B) Declaration of Condominium Property Regime.
C) Bylaws of the Association of Apartment Owners.
D) House Rules.
E) Condominium Map.
F) Escrow Agreement.
G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
H) Other Sales Contract; Apartment Deed; Declaration of Covenants, Conditions and Restrictions

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 Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P.O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 3025 filed with the Real Estate Commission on December 21, 1993.

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

C. Additional Information Not Covered Above

1. Developer:

The names and addresses of the officers of MMC Development are as follows:

Frank J. Mola (President)
1541 South Beretania Street, Suite 204
Honolulu, Hawaii 96826

Timothy N. Roberts (Vice President and Secretary)
5200 Warner Avenue, Suite 208
Huntington Beach, California 92649

Mineo Fujita (Chief Financial Officer and Assistant Secretary)
1141-A Via Callejon Street
San Clemente, CA 92673

The names and addresses of the officers of Stanford S. Carr Development Corporation are as follows:

Stanford S. Carr (President/Secretary)
841 Bishop Street, Suite 2118
Honolulu, Hawaii 96813

Nhuan Yamazaki-Carr (Vice President/Treasurer)
841 Bishop Street, Suite 2118
Honolulu, Hawaii 96813

2. Membership in Villages of Kapolei Association.

Pursuant to Section 7.02 of the Declaration of Covenants, Conditions and Restrictions for Villages of Kapolei dated July 26, 1990, recorded in the Office of the Registrar of the Land Court of the State of Hawaii as Document No. 1752834, each person, corporation or other legal entity who is, or such persons, corporations or other legal entities who are, the beneficial owner of any lot within the Villages of Kapolei, shall be a member of the Villages of Kapolei Association. There shall be a monthly $ 15.00 fee charge to each member as membership dues. The amount of the fee is subject to change.

3. Additional Real Estate Brokers (For market-priced apartments only)

TNR Development Corporation, dba Island Pacific Homes — Telephone No. 973-0366
1541 South Beretania Street, Suite 203
Honolulu, Hawaii 96826
Attention: Mr. Timothy N. Roberts
Mr. Ronald Larsen

4. Disclosure of Flood Zone.

A portion of the Project, being Building No. 4 and certain common areas, are within a flood fringe area on a Flood Insurance Rate Map. The Developer expects that the Project will be removed from the flood fringe area prior to the actual closings of apartments in the Project.

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

KEKUILANI DEVELOPMENT COMPANY,
a Hawaii general partnership

By MMC DEVELOPMENT, a California
corporation registered to do business in Hawaii
Its General Partner

By_____
Frank J. Mola
Its President

By STANFORD S. CARR DEVELOPMENT
CORPORATION, a Hawaii corporation
Its General Partner

By_____
Stanford S. Carr
Its President

Distribution:

Department of Finance, City and County of Honolulu
Department of Land Utilization, City and County of Honolulu
Federal Housing Administration

EXHIBIT "A"

Apartment Numbers, Types, Number of Bedrooms and Baths, Location,
Net Square Footage, Common Interest, Lanai Areas, and Parking Space Assignments

| APARTMENT NUMBER* | APARTMENT TYPE | BEDS | BATHS | APARTMENT LOCATION | APPX. NET AREA IN SQ. FEET** | COMMON INTEREST | APPX. LANAI AREA | PARKING SPACE ASSMT. |
|---|---|---|---|---|---|---|---|---|
| 101 | CR | 2 | 2 | BUILDING 1 | 953 | 0.689775% | 45/98 | 16/172C |
| 102 | B | 2 | 2 | BUILDING 1 | 909 | 0.657928% | 62 | 14/170C |
| 103 | A | 2 | 1 | BUILDING 1 | 843 | 0.610158% | 92 | 12/168C |
| 104 | C | 2 | 2 | BUILDING 1 | 953 | 0.689775% | 45/98 | 10/166C |
| 105 | DR | 2 | 2 | BUILDING 1 | 953 | 0.689775% | 40/96 | 17/171C |
| 106 | B | 2 | 2 | BUILDING 1 | 909 | 0.657928% | 62 | 15/169C |
| 107 | A | 2 | 1 | BUILDING 1 | 843 | 0.610158% | 92 | 13/167C |
| 108 | D | 2 | 2 | BUILDING 1 | 953 | 0.689775% | 40/96 | 11/173C |
| 201 | CR | 2 | 2 | BUILDING 2 | 953 | 0.689775% | 45/98 | 184H/174C |
| 202 | B | 2 | 2 | BUILDING 2 | 909 | 0.657928% | 62 | 182/180C |
| 203 | A | 2 | 1 | BUILDING 2 | 843 | 0.610158% | 92 | 185H/175C |
| 204 | C | 2 | 2 | BUILDING 2 | 953 | 0.689775% | 45/98 | 187/188C |
| 205 | DR | 2 | 2 | BUILDING 2 | 953 | 0.689775% | 40/96 | 181/176C |
| 206 | B | 2 | 2 | BUILDING 2 | 909 | 0.657928% | 62 | 196/177C |
| 207 | A | 2 | 1 | BUILDING 2 | 843 | 0.610158% | 92 | 183/178C |
| 208 | D | 2 | 2 | BUILDING 2 | 953 | 0.689775% | 40/96 | 186/179C |
| 301 | CR | 2 | 2 | BUILDING 3 | 953 | 0.689775% | 45/98 | 202/8C |
| 302 | B | 2 | 2 | BUILDING 3 | 909 | 0.657928% | 62 | 200/4C |
| 303 | A | 2 | 1 | BUILDING 3 | 843 | 0.610158% | 92 | 198/2C |
| 304 | C | 2 | 2 | BUILDING 3 | 953 | 0.689775% | 45/98 | 18/6C |
| 305 | DR | 2 | 2 | BUILDING 3 | 953 | 0.689775% | 40/96 | 201/7C |
| 306 | B | 2 | 2 | BUILDING 3 | 909 | 0.657928% | 62 | 199/3C |
| 307 | A | 2 | 1 | BUILDING 3 | 843 | 0.610158% | 92 | 197/1C |
| 308 | D | 2 | 2 | BUILDING 3 | 953 | 0.689775% | 40/96 | 19/5C |
| 401 | CR | 2 | 2 | BUILDING 4 | 953 | 0.689775% | 45/98 | 28/26C |
| 402 | B | 2 | 2 | BUILDING 4 | 909 | 0.657928% | 62 | 204/20C |
| 403 | A | 2 | 1 | BUILDING 4 | 843 | 0.610158% | 92 | 203/9C |
| 404 | C | 2 | 2 | BUILDING 4 | 953 | 0.689775% | 45/98 | 30/23C |
| 405 | DR | 2 | 2 | BUILDING 4 | 953 | 0.689775% | 40/96 | 29/25C |
| 406 | B | 2 | 2 | BUILDING 4 | 909 | 0.657928% | 62 | 205/21C |
| 407 | A | 2 | 1 | BUILDING 4 | 843 | 0.610158% | 92 | 206/22C |
| 408 | D | 2 | 2 | BUILDING 4 | 953 | 0.689775% | 40/96 | 31/24C |
| 501 | CR | 2 | 2 | BUILDING 5 | 953 | 0.689775% | 45/98 | 36/189C |
| 502 | B | 2 | 2 | BUILDING 5 | 909 | 0.657928% | 62 | 34/191C |
| 503 | A | 2 | 1 | BUILDING 5 | 843 | 0.610158% | 92 | 208/193C |
| 504 | C | 2 | 2 | BUILDING 5 | 953 | 0.689775% | 45/98 | 32/195C |
| 505 | DR | 2 | 2 | BUILDING 5 | 953 | 0.689775% | 40/96 | 37/190C |
| 506 | B | 2 | 2 | BUILDING 5 | 909 | 0.657928% | 62 | 35/192C |
| 507 | A | 2 | 1 | BUILDING 5 | 843 | 0.610158% | 92 | 207/194C |
| 508 | D | 2 | 2 | BUILDING 5 | 953 | 0.689775% | 40/96 | 33/27C |
| 601 | CR | 2 | 2 | BUILDING 6 | 953 | 0.689775% | 45/98 | 54/47C |
| 302 | B | 2 | 2 | BUILDING 6 | 909 | 0.657928% | 62 | 52/45C |
| 603 | A | 2 | 1 | BUILDING 6 | 843 | 0.610158% | 92 | 50/43C |
| 604 | C | 2 | 2 | BUILDING 6 | 953 | 0.689775% | 45/98 | 39/41C |
| 605 | DR | 2 | 2 | BUILDING 6 | 953 | 0.689775% | 40/96 | 53/46C |
| 606 | B | 2 | 2 | BUILDING 6 | 909 | 0.657928% | 62 | 51/44C |
| 607 | A | 2 | 1 | BUILDING 6 | 843 | 0.610158% | 92 | 49/42C |
| 608 | D | 2 | 2 | BUILDING 6 | 953 | 0.689775% | 40/96 | 38/40C |
| 701 | CR | 2 | 2 | BUILDING 7 | 953 | 0.689775% | 45/98 | 244/235C |
| 702 | B | 2 | 2 | BUILDING 7 | 909 | 0.657928% | 62 | 246/237C |
| 703 | A | 2 | 1 | BUILDING 7 | 843 | 0.610158% | 92 | 248/239C |
| 704 | C | 2 | 2 | BUILDING 7 | 953 | 0.689775% | 45/98 | 250/241C |
| 705 | DR | 2 | 2 | BUILDING 7 | 953 | 0.689775% | 40/96 | 243/236C |
| 706 | B | 2 | 2 | BUILDING 7 | 909 | 0.657928% | 62 | 245/238C |

Apartment Numbers, Types, Number of Bedrooms and Baths, Location,
Net Square Footage, Common Interest, Lanai Areas, and Parking Space Assignments

| APARTMENT NUMBER* | APARTMENT TYPE | BEDS | BATHS | APARTMENT LOCATION | APPX. NET AREA IN SQ. FEET** | COMMON INTEREST | APPX. LANAI AREA | PARKING SPACE ASSMT. |
|---|---|---|---|---|---|---|---|---|
| 707 | A | 2 | 1 | BUILDING 7 | 843 | 0.610158% | 92 | 247/240C |
| 708 | D | 2 | 2 | BUILDING 7 | 953 | 0.689775% | 40/96 | 249/242C |
| 801 | CR | 2 | 2 | BUILDING 8 | 953 | 0.689775% | 45/98 | 218/231C |
| 802 | B | 2 | 2 | BUILDING 8 | 909 | 0.657928% | 62 | 216/229C |
| 803 | A | 2 | 1 | BUILDING 8 | 843 | 0.610158% | 92 | 214/232C |
| 804 | C | 2 | 2 | BUILDING 8 | 953 | 0.689775% | 45/98 | 212/48C |
| 805 | DR | 2 | 2 | BUILDING 8 | 953 | 0.689775% | 40/96 | 217/230C |
| 806 | B | 2 | 2 | BUILDING 8 | 909 | 0.657928% | 62 | 215/233C |
| 807 | A | 2 | 1 | BUILDING 8 | 843 | 0.610158% | 92 | 213/234C |
| 808 | D | 2 | 2 | BUILDING 8 | 953 | 0.689775% | 40/96 | 211/228C |
| 901 | CR | 2 | 2 | BUILDING 9 | 953 | 0.689775% | 45/98 | 68/69 |
| 902 | B | 2 | 2 | BUILDING 9 | 909 | 0.657928% | 62 | 67/70 |
| 903 | A | 2 | 1 | BUILDING 9 | 843 | 0.610158% | 92 | 66/55 |
| 904 | C | 2 | 2 | BUILDING 9 | 953 | 0.689775% | 45/98 | 65/60 |
| 905 | DR | 2 | 2 | BUILDING 9 | 953 | 0.689775% | 40/96 | 64/56 |
| 906 | B | 2 | 2 | BUILDING 9 | 909 | 0.657928% | 62 | 63/57 |
| 907 | A | 2 | 1 | BUILDING 9 | 843 | 0.610158% | 92 | 62/58 |
| 908 | D | 2 | 2 | BUILDING 9 | 953 | 0.689775% | 40/96 | 61/59 |
| 1001 | CR | 2 | 2 | BUILDING 10 | 953 | 0.689775% | 45/98 | 77/80 |
| 1002 | B | 2 | 2 | BUILDING 10 | 909 | 0.657928% | 62 | 75/82 |
| 1003 | A | 2 | 1 | BUILDING 10 | 843 | 0.610158% | 92 | 73/221 |
| 1004 | C | 2 | 2 | BUILDING 10 | 953 | 0.689775% | 45/98 | 71/219 |
| 1005 | DR | 2 | 2 | BUILDING 10 | 953 | 0.689775% | 40/96 | 78/81 |
| 1006 | B | 2 | 2 | BUILDING 10 | 909 | 0.657928% | 62 | 76/223 |
| 1007 | A | 2 | 1 | BUILDING 10 | 843 | 0.610158% | 92 | 74/222 |
| 1008 | D | 2 | 2 | BUILDING 10 | 953 | 0.689775% | 40/96 | 72/220 |
| 1101 | CR | 2 | 2 | BUILDING 11 | 953 | 0.689775% | 45/98 | 93/87C |
| 1102 | B | 2 | 2 | BUILDING 11 | 909 | 0.657928% | 62 | 79H/85C |
| 1103 | A | 2 | 1 | BUILDING 11 | 843 | 0.610158% | 92 | 94/97 |
| 1104 | C | 2 | 2 | BUILDING 11 | 953 | 0.689775% | 45/98 | 83/90 |
| 1105 | DR | 2 | 2 | BUILDING 11 | 953 | 0.689775% | 40/96 | 95/88C |
| 1106 | B | 2 | 2 | BUILDING 11 | 909 | 0.657928% | 62 | 96/86C |
| 1107 | A | 2 | 1 | BUILDING 11 | 843 | 0.610158% | 92 | 89/92 |
| 1108 | D | 2 | 2 | BUILDING 11 | 953 | 0.689775% | 40/96 | 84/91 |
| 1201 | CR | 2 | 2 | BUILDING 12 | 953 | 0.689775% | 45/98 | 251/261 |
| 1202 | B | 2 | 2 | BUILDING 12 | 909 | 0.657928% | 62 | 253/263 |
| 1203 | A | 2 | 1 | BUILDING 12 | 843 | 0.610158% | 92 | 255/300C |
| 1204 | C | 2 | 2 | BUILDING 12 | 953 | 0.689775% | 45/98 | 257/265 |
| 1205 | DR | 2 | 2 | BUILDING 12 | 953 | 0.689775% | 40/96 | 252/262 |
| 1206 | B | 2 | 2 | BUILDING 12 | 909 | 0.657928% | 62 | 254/264 |
| 1207 | A | 2 | 1 | BUILDING 12 | 843 | 0.610158% | 92 | 256/301C |
| 1208 | D | 2 | 2 | BUILDING 12 | 953 | 0.689775% | 40/96 | 258/266 |
| 1301 | CR | 2 | 2 | BUILDING 13 | 953 | 0.689775% | 45/98 | 105/99 |
| 1302 | B | 2 | 2 | BUILDING 13 | 909 | 0.657928% | 62 | 102/271 |
| 1303 | A | 2 | 1 | BUILDING 13 | 843 | 0.610158% | 92 | 104H/277C |
| 1304 | C | 2 | 2 | BUILDING 13 | 953 | 0.689775% | 45/98 | 259/298C |
| 1305 | DR | 2 | 2 | BUILDING 13 | 953 | 0.689775% | 40/96 | 103/98 |
| 1306 | B | 2 | 2 | BUILDING 13 | 909 | 0.657928% | 62 | 101/272 |
| 1307 | A | 2 | 1 | BUILDING 13 | 843 | 0.610158% | 92 | 100/278C |
| 1308 | D | 2 | 2 | BUILDING 13 | 953 | 0.689775% | 40/96 | 260/299C |
| 1401 | CR | 2 | 2 | BUILDING 14 | 953 | 0.689775% | 45/98 | 110/114 |
| 1402 | B | 2 | 2 | BUILDING 14 | 909 | 0.657928% | 62 | 112/281 |
| 1403 | A | 2 | 1 | BUILDING 14 | 843 | 0.610158% | 92 | 108/276 |
| 1404 | C | 2 | 2 | BUILDING 14 | 953 | 0.689775% | 45/98 | 106/274 |

Apartment Numbers, Types, Number of Bedrooms and Baths, Location,
Net Square Footage, Common Interest, Lanai Areas, and Parking Space Assignments

| APARTMENT NUMBER* | APARTMENT TYPE | BEDS | BATHS | APARTMENT LOCATION | APPX. NET AREA IN SQ. FEET** | COMMON INTEREST | APPX. LANAI AREA | PARKING SPACE ASSMT. |
|---|---|---|---|---|---|---|---|---|
| 1405 | DR | 2 | 2 | BUILDING 14 | 953 | 0.689775% | 40/96 | 111/279 |
| 1406 | B | 2 | 2 | BUILDING 14 | 909 | 0.657928% | 62 | 113/280 |
| 1407 | A | 2 | 1 | BUILDING 14 | 843 | 0.610158% | 92 | 109/275 |
| 1408 | D | 2 | 2 | BUILDING 14 | 953 | 0.689775% | 40/96 | 107/273 |
| 1501 | CR | 2 | 2 | BUILDING 15 | 953 | 0.689775% | 45/98 | 123/124 |
| 1502 | B | 2 | 2 | BUILDING 15 | 909 | 0.657928% | 62 | 121/125 |
| 1503 | A | 2 | 1 | BUILDING 15 | 843 | 0.610158% | 92 | 119/283 |
| 1504 | C | 2 | 2 | BUILDING 15 | 953 | 0.689775% | 45/98 | 117/284 |
| 1505 | DR | 2 | 2 | BUILDING 15 | 953 | 0.689775% | 40/96 | 122/126 |
| 1506 | B | 2 | 2 | BUILDING 15 | 909 | 0.657928% | 62 | 120/127 |
| 1507 | A | 2 | 1 | BUILDING 15 | 843 | 0.610158% | 92 | 118/282 |
| 1508 | D | 2 | 2 | BUILDING 15 | 953 | 0.689775% | 40/96 | 116/115 |
| 1601 | CR | 2 | 2 | BUILDING 16 | 953 | 0.689775% | 45/98 | 135/291C |
| 1602 | B | 2 | 2 | BUILDING 16 | 909 | 0.657928% | 62 | 133/288C |
| 1603 | A | 2 | 1 | BUILDING 16 | 843 | 0.610158% | 92 | 149H/286C |
| 1604 | C | 2 | 2 | BUILDING 16 | 953 | 0.689775% | 45/98 | 130/128 |
| 1605 | DR | 2 | 2 | BUILDING 16 | 953 | 0.689775% | 40/96 | 134/290C |
| 1606 | B | 2 | 2 | BUILDING 16 | 909 | 0.657928% | 62 | 132/289C |
| 1607 | A | 2 | 1 | BUILDING 16 | 843 | 0.610158% | 92 | 131/287C |
| 1608 | D | 2 | 2 | BUILDING 16 | 953 | 0.689775% | 40/96 | 129/285C |
| 1701 | CR | 2 | 2 | BUILDING 17 | 953 | 0.689775% | 45/98 | 270/269 |
| 1702 | B | 2 | 2 | BUILDING 17 | 909 | 0.657928% | 62 | 303/297C |
| 1704 | C | 2 | 2 | BUILDING 17 | 953 | 0.689775% | 45/98 | 305/311C |
| 1705 | DR | 2 | 2 | BUILDING 17 | 953 | 0.689775% | 40/96 | 302/268 |
| 1706 | B | 2 | 2 | BUILDING 17 | 909 | 0.657928% | 62 | 304/309C |
| 1707 | A | 2 | 1 | BUILDING 17 | 843 | 0.610158% | 92 | 267/310C |
| 1708 | D | 2 | 2 | BUILDING 17 | 953 | 0.689775% | 40/96 | 306/312C |
| 1801 | CR | 2 | 2 | BUILDING 18 | 953 | 0.689775% | 45/98 | 152/143 |
| 1802 | B | 2 | 2 | BUILDING 18 | 909 | 0.657928% | 62 | 150H/141 |
| 1803 | A | 2 | 1 | BUILDING 18 | 843 | 0.610158% | 92 | 147/139 |
| 1804 | C | 2 | 2 | BUILDING 18 | 953 | 0.689775% | 45/98 | 145/137 |
| 1805 | DR | 2 | 2 | BUILDING 18 | 953 | 0.689775% | 40/96 | 151/136 |
| 1806 | B | 2 | 2 | BUILDING 18 | 909 | 0.657928% | 62 | 148/138 |
| 1807 | A | 2 | 1 | BUILDING 18 | 843 | 0.610158% | 92 | 146/140 |
| 1808 | D | 2 | 2 | BUILDING 18 | 953 | 0.689775% | 40/96 | 144/142 |
| 1901 | CR | 2 | 2 | BUILDING 19 | 953 | 0.689775% | 45/98 | 160H/315 |
| 1902 | B | 2 | 2 | BUILDING 19 | 909 | 0.657928% | 62 | 159H/157C |
| 1903 | A | 2 | 1 | BUILDING 19 | 843 | 0.610158% | 92 | 154/155C |
| 1904 | C | 2 | 2 | BUILDING 19 | 953 | 0.689775% | 45/98 | 161/313 |
| 1905 | DR | 2 | 2 | BUILDING 19 | 953 | 0.689775% | 40/96 | 165/314 |
| 1906 | B | 2 | 2 | BUILDING 19 | 909 | 0.657928% | 62 | 164/158C |
| 1907 | A | 2 | 1 | BUILDING 19 | 843 | 0.610158% | 92 | 163/156 |
| 1908*** | D | 2 | 2 | BUILDING 19 | 953 | 0.689765% | 40/96 | 162/153 |
| TOTAL: | | | | | 138161 | 100.000000% | | |

EXHIBIT "A"

* The following Apartment Nos. are subject to resale and shared appreciation restrictions in favor of Housing Finance and Development Corporation:

101 through 108, inclusive,
201 through 208, inclusive,
301 through 308, inclusive,
401 through 408, inclusive,
501 through 508, inclusive,
601 through 608, inclusive,
701 through 708, inclusive,
801 through 808, inclusive,
1101, 1102, 1103, 1105, 1106,
1201 through 1208, inclusive,
1303, 1304, 1307, 1308,
1601 through 1608, inclusive,
1701, 1702, 1704 through 1708, inclusive,
1801 through 1808, inclusive, and
1901 through 1908, inclusive.

** The approximate net floor area of each Apartment as set forth above is measured from the interior surface of the apartment perimeter walls and includes all of the non-load bearing walls and partitions within its perimeter walls. The areas shown are approximate only, and the Developer makes no representations or warranties whatsoever as to the area of any particular Apartment.

*** The common interest percentage appurtenant to Apartment 1908 has been reduced .00001% so that the total common interest for all Apartments shall equal 100%.

# EXHIBIT "B"

## CONDOMINIUM PUBLIC REPORT

## KEKUILANI VILLAS

## RIGHTS RESERVED BY DEVELOPER

The Developer has reserved the following rights (among others) to change the Project and the Declaration, Condominium Map, Bylaws and/or House Rules:

(a) the right to file the "as built" verified statement (with plans, if applicable), thereby amending the Declaration and Condominium Map;

(b) the right to grant, delete, relocate, realign, reserve and receive easements within the Common Elements deemed necessary or desirable in Developer's sole discretion, including but not limited to easements and/or rights of way for utilities, cesspools, sanitary and storm sewers, cable television, refuse disposal, driveways, parking areas and roadways;

(c) the right to amend the Declaration and other condominium documents to comply with the requirements of any applicable law, any institutional mortgage lender or any governmental or quasi-governmental agency, including, without limitation, the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, the U.S. Department of Housing and Urban Development or the Veterans Administration;

(d) with respect to each project, the right to conduct extensive sales activities in the Project until the earlier to occur of (i) 72 months from the date of the recordation in the Land Court of the first Apartment Deed conveying an Apartment in the project, or (ii) the closing of the sale of the last unsold Apartment in the project;

(e) the right to modify apartments to comply with applicable laws, including, without limitation, the Fair Housing Act and the Americans with Disabilities Act; and

(f) the right to execute, deliver and record any and all amendments and/or supplements to the Kapolei CC&Rs that the Developer determines to be necessary and desirable.

# EXHIBIT "C"

## CONDOMINIUM PUBLIC REPORT

## KEKUILANI VILLAS

## SCHEDULE OF BUILDINGS

The Project consists of nineteen (19) multi-apartment residential structures, all of which have two (2) stories.

# EXHIBIT "D"

## CONDOMINIUM PUBLIC REPORT

## KEKUILANI VILLAS

## PETS NOT PERMITTED

No animals of any kind shall be raised, bred or kept in the Project; provided, however, that after the Association holds its first meeting, the Board of Directors duly elected thereby or thereafter may elect to permit not more than one dog of less than 20 inches in height at the shoulder, or two cats, or other household pet needing no access to the outside, approved and licensed by the Board or Managing Agent, may be brought on the Project and suitably housed in an Apartment and said Board of Directors may amend the House Rules accordingly. If the Board of Directors shall permit pets in the Project, the following rules shall govern the ownership of all pets: (1) no pet may be kept, bred or maintained for any commercial purposes; (2) any pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the Project subject to these restrictions upon three (3) days' written notice from the Board; (3) in no event shall any dog be permitted access to any portion of the Common Elements unless carried or on a leash; (4) no dogs shall be curbed in any courtyard or close to any patio, except in the street or special areas designated by the Board; and (5) dogs shall be permitted only upon license from the Board. Pursuant to the license agreement executed by each owner of a dog permitted in the Project, that dog shall carry a conspicuous tag and may be picked up by any person, and detained if found running loose. Such dog will be released to its owner upon the payment of a reasonable charge which shall be paid over to the person picking up and delivering the dog to the Association or Managing Agent. The owner of such dog shall compensate any person hurt or bitten by the dog, and shall hold the Board, the Association and the Managing Agent harmless from any claim resulting from any action of his dog.

Notwithstanding any other provision herein, visually impaired persons, hearing impaired persons and physically impaired persons shall be allowed to keep certified seeing-eye dogs, certified signal dogs, and certified service dogs, respectively, in their Apartments. Further, nothing shall hinder full access to the Apartments and the Common Elements by handicapped persons.

# EXHIBIT "E"

## CONDOMINIUM PUBLIC REPORT

## KEKUILANI VILLAS

## BOUNDARIES OF EACH APARTMENT

The Apartments consist of the spaces within the perimeter and party walls, windows, doors, floors and ceilings of each of the 151 Apartment Units of the Project. The respective Apartments shall not be deemed to include: (i) the perimeter or party walls or the undecorated or unfinished surfaces thereof, (ii) the floors and ceilings surrounding each Apartment or the undecorated or unfinished surfaces thereof, (iii) the perimeter doors, door frames, windows and window frames or the undecorated or unfinished surfaces thereof, (iv) the interior load-bearing walls and columns, if any, or the undecorated or unfinished surfaces thereof, or (v) any pipes, shafts, ducts, pumps, conduits, wires or other utility or service lines which are utilized for or serve more than one Apartment, the same being deemed Common Elements as hereinafter provided. Each Apartment shall be deemed to include (a) all the walls and partitions which are not load-bearing within its perimeter or party walls, (b) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through such Apartment which are utilized for and serve only that Apartment, (c) the inner decorated or finished surfaces of all walls, floors and ceilings surrounding each Apartment, (d) the inner decorated or finished surfaces of any doors, door frames, windows or window frames, (e) all cranks and other window hardware, and (f) all appliances and fixtures installed therein, and replacements therefor.

# EXHIBIT "F"

## CONDOMINIUM PUBLIC REPORT

## KEKUILANI VILLAS

## PERMITTED ALTERATIONS TO APARTMENTS

1. **GENERAL PROVISIONS.** Except as otherwise expressly provided in the Declaration to the contrary, restoration or replacement of the Project or any portion thereof or construction of any additional improvement or structural alteration or addition to any improvement, different in any material respect from the Condominium Map of the Project, shall be undertaken by the Association or any Apartment Owner only pursuant to an amendment of the Declaration, accompanied by the written consent of the holders of all mortgage liens affecting any of the Apartments involved, and in accordance with complete plans and specifications therefor first approved in writing by the Board. Promptly upon completion of such restoration, replacement or construction the Association or Owner, as the case shall be, shall duly file such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer.

2. **VILLAGES OF KAPOLEI.** The provisions of the Declaration of Covenants, Conditions and Restrictions for Villages of Kapolei, as described in Article VIII of the Declaration, contain certain provisions regarding the alterations of Apartments, and each Apartment Owner must comply with the applicable provisions thereof in addition to the provisions of the Declaration and Bylaws for the Project.

3. **ADDITIONS OR ALTERATIONS SOLELY WITHIN AN APARTMENT.** Notwithstanding anything to the contrary contained herein, each Owner of an Apartment shall have the right at any time and from time to time at such Owner's sole cost and expense, and without the necessity of the consent or joinder of any other Apartment Owner, but with the prior approval of the Board and with the presentation of such plans and specifications and other materials as the Board may require as more fully set forth in the Bylaws, to make any of the following alterations solely within the Apartment as defined in the Declaration: to install, maintain, remove and rearrange partitions and other structures from time to time within such Apartment, to finish, alter or substitute any plumbing, electrical or other fixtures attached to the ceilings, floors and walls as shall be appropriate for the utilization of such Apartment by such Owner or the tenants or lessees thereof, and to tile, finish, recarpet, and do or cause to be done such work on the floors of any second-floor Apartments; provided, however, that nothing contained in this paragraph shall authorize any work or alteration which would jeopardize the soundness or safety of any part of the Project, reduce the value thereof, adversely affect any other Apartment, alter the uniform external appearance of the Project, or affect or impair any easement or rights of any other Apartment Owners or interfere with or deprive any non-consenting owner of the use or enjoyment of any part of the Common Elements or directly affect any non-consenting owner.

4. **APARTMENT OWNERS TO EXECUTE AMENDMENT DOCUMENTS IN CERTAIN CASES.** In the event that any change or alteration of an Apartment shall alter the depiction of the particular apartment on the Condominium Map or the description thereof in the Declaration, then the Owner thereof shall amend the Declaration and/or the Condominium Map, to set forth such approved change or alteration, which amendment(s) may be executed by the Owner of the affected Apartment or Apartments and by no other party, and shall become effective upon the recordation thereof in Land Court. Such amendment(s) shall not require the consent or joinder of the Owner of any other Apartment or any other person or entity, other than any mortgagee of such Apartment or Apartments which are changed or altered. Every Apartment Owner and all holders of liens affecting any of the Apartments of the Project and each and every other party acquiring an interest in the Project or any part thereof, by acquiring such Apartment, lien or other interest, consents to and agrees that he shall, if required by law or by any such Owner who shall have changed or altered an Apartment as aforesaid, join in, consent to, execute and deliver all instruments and documents necessary or desirable to affect the amendment of the Declaration and/or the Condominium Map; and appoints such owner and his assigns his attorney-in-fact with full power of substitution to execute and deliver such documents and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights and shall not be affected by the disability of any such party.

# EXHIBIT "G"

## CONDOMINIUM PUBLIC REPORT

## KEKUILANI VILLAS

## COMMON ELEMENTS

The "Common Elements" of the Project consist of:

1. The Land in fee simple;

2. All perimeter or party walls or the undecorated or unfinished surfaces thereof, any load-bearing walls and columns, all structural components such as foundations, concrete sidewalks and curbs, floor slabs, columns, girders, beams, supports, halls, corridors, exterior stairs and stairways, main walls, roofs and ceilings;

3. All perimeter doors, door frames, windows and window frames;

4. All yards, grounds and landscaping, and all trash enclosures within the Project;

5. All roads, parking areas, parking stalls, driveways, access lanes, ramps, loading areas and walkways;

6. All cables, conduits, ducts, sewer lines, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one Apartment for services such as power, light, water, gas, sewer, refuse, telephone, radio and television signal distribution;

7. Unimproved areas, maintenance and storage areas, mailbox areas and other similar areas which are not part of an Apartment;

8. The swimming pool, pool area and cabana;

9. Any and all other apparatus and installations existing for common use, such as tanks, pumps, motors, fans, compressors, ducts, shafts, vents, and other such installations and apparatus;

10. All other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use; and

11. The Manager's Unit.

# EXHIBIT "H"

## CONDOMINIUM PUBLIC REPORT

## KEKUILANI VILLAS

## LIMITED COMMON ELEMENTS

Certain part of the Common Elements, herein called the "Limited Common Elements," are designated, set aside and reserved for the exclusive use of certain Apartments, and such Apartments shall have appurtenant thereto exclusive easements for the use of such Limited Common Elements as set forth in the Declaration. The costs and expenses of every description pertaining to the Limited Common Elements, including but not limited to the costs of maintenance, repair, replacement, improvement or additions to the Limited Common Elements shall be charged to the Owner of the Apartment to which the Limited Common Element shall be appurtenant, and if there is more than one Apartment, then in proportion to the Common Interest appurtenant to each of the respective Apartments except as otherwise provided below.

1. Each Apartment shall have appurtenant to it as a Limited Common Element at least one (1) parking stall as designated in Exhibit "A" hereto and as shown on the Condominium Map. Each Apartment Owner shall have the right, upon complying with the requirements of Section 514A-14 of the Act, to assign and reassign limited common element parking stalls from time to time to another Apartment in the Project; provided that a copy of any instrument effecting such assignment or reassignment shall be delivered to the Association. All costs and expenses of maintaining the parking stalls, including, without limitation, repaving, repairing and restriping, shall be charged to the Owner of the Apartment to which such parking stall shall be appurtenant in the manner provided for the allocation of costs and expenses for Limited Common Elements, as set forth above.

2. Each Apartment shall have appurtenant to it as a Limited Common Element the adjacent lanai area, if any, and adjacent water heater closet, if any, shown on the Condominium Map and the approximate square footages of which are set forth in said Exhibit "A."

## EXHIBIT "I"

## CONDOMINIUM PUBLIC REPORT

## KEKUILANI VILLAS

## ENCUMBRANCES AGAINST TITLE

1. Title to all minerals and metallic mines reserved to the State of Hawaii.

2. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in Deed, dated January 3, 1990, recorded January 4, 1990, in the Office of the Registrar of the Land Court of the State of Hawaii as Document No. 1696820.

*3. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in Declaration, dated June 6, 1990, recorded June 7, 1990, in said Office as Document No. 1736622.

Said Declaration was amended by instrument dated February 6, 1992, recorded February 10, 1992, in said Office as Document No. 1888121.

4. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in Deed, dated June 20, 1990, recorded July 9, 1990, in said Office as Document No. 1745093.

*5. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in the Declaration, dated July 26, 1990, recorded August 3, 1990, in said Office as Document No. 1752834.

*6. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in Annexing Declaration, Joinder and Consent Villages of Kapolei, dated June 3, 1993, recorded July 13, 1993, in said Office as Document No. 2043360.

7. Terms, provisions, covenants and conditions of that certain Development Agreement dated July 21, 1993, by and between Housing Finance and Development Corporation, and Kekuilani Development Company, a short form Memorandum of Development Agreement dated July 21, 1993 of which was recorded July 22, 1993, in said Office as Document No. 2046957.

8. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions set forth in Quitclaim Deed, dated July 21, 1993, recorded July 22, 1993, in said Office as Document No. 2046958.

9. Collateral Assignment of Development Agreement, Mortgage, Security Agreement and Financing Statement dated July 21, 1993, made by Kekuilani Development Company, a Hawaii general partnership, as mortgagor, in favor of Housing Finance and Development

Corporation, a public body and a body corporate and politic of the State of Hawaii, as mortgagee, recorded July 22, 1993 in said Office as Document No. 2046959.

10. Assignment of Seller's Interest Under Agreements of Sale, Sales Contracts and Escrow Agreement; Security Agreement dated July 21, 1993, made by Kekuilani Development Company, a Hawaii general partnership, as assignor, in favor of Housing Finance and Development Corporation, as assignee, recorded July 22, 1993 in the Bureau of Conveyances of the State of Hawaii as Document No. 93-118352.

11. Portion Easement 4073, for wall footing and maintenance purposes, as shown on Map 663, as set forth by Land Court Order No. 114793, filed December 22, 1993.

12. Easement 4263, area 250 square feet, as shown on Map 663, as set forth by Land Court Order No. 114793, filed December 22, 1993.

* NOTE: The Declarations noted in items 3, 5 and 6 above are summarized in paragraphs 1, 2 and 3, respectively.

1. Declaration of Conditions Imposed by the Land Use Commission dated June 6, 1990, made by the State of Hawaii, by its Board of Land and Natural Resources, and the Housing Finance and Development Corporation, recorded in the Office of the Registrar of the Land Court of the State of Hawaii as Document No. 1736622, and duly noted on Land Court Certificate of Title No. 418,009, as amended by that certain Amendment to Declaration of Conditions Imposed by the Land Use Commission dated February 6, 1992, recorded in said Office as Document No. 1888121 (collectively, "HFDC Declaration").

The HFDC Declaration caused the recordation of the Findings of Fact, Conclusions of Law, and Decision and Order ("D & O") of the Land Use Commission ("LUC") in connection with Housing Finance and Development Corporation's petition (and subsequent approval by the LUC) to amend the State land use classification boundaries of the lands upon which the Villages of Kapolei are to be developed, including the land upon which the Project shall be built, from the State Agricultural District to the State Urban District. Among other things, the D & O imposes various conditions and restrictions on the use and development of the lands, including, but not limited to, the following:

a. The lands shall be developed for the purpose of providing affordable housing in accordance with the requirements of Chapter 201E, Hawaii Revised Statutes, as amended.

b. HFDC shall provide affordable housing opportunities by offering for sale or rent, on a preferential basis, sixty percent (60%) of the residential units to residents of the State of Hawaii of low, low-moderate, and moderate income.

c. HFDC shall inform all prospective occupants of (i) possible, odor, noise, and dust pollution resulting from the adjacent Barbers Point Access Road, Farrington Highway, and surrounding agricultural operations, and (ii) the

Hawaii Right-to-Farm Act, Chapter 165, Hawaii Revised Statutes, which limits the circumstances under which pre-existing farming activities may be deemed a nuisance.

2. Declarations of Covenants, Conditions and Restrictions - Villages of Kapolei dated July 26, 1990, made by the Housing Finance and Development Corporation, recorded in said Office as Document No. 1752834 (the "Kapolei CC&Rs").

The Kapolei CC&Rs create the Villages of Kapolei planned unit development structure, including the master Villages of Kapolei Association, set forth the rules which govern the Association, establish membership within the Association, and impose restrictions and conditions upon the use of the property subject to the Kapolei CC&Rs. Some of conditions and restrictions include the following:

a. Only one Family (as defined in the Kapolei CC&Rs) may occupy a Lot (which includes condominium units).

b. Each Owner (as defined in the Kapolei CC&Rs) shall use his Lot in the Private Area (the residential area) exclusively for residential purposes.

c. Each Owner shall maintain his Lot.

d. All improvements within the area governed by the Kapolei CC&Rs are to be made in accordance with the design guidelines set forth therein.

e. All Owners, except for those who are specifically exempted, shall pay a monthly maintenance fee and special maintenance assessments which shall be established by the Board of Directors of the Association. Individual Owners may also be subject to individual special assessments for failure to comply with the Kapolei CC&Rs. If any Owner does not pay any assessment when due, the amount of the unpaid assessment plus interest shall become a lien upon the Owner's Lot, but such lien shall be subordinate to the lien of any mortgage on the Lot.

It should be noted that the land underlying the Project was not originally subject to the Kapolei CC&Rs. This land was made subject to the Kapolei CC&Rs by the Annexing Declaration discussed below.

3. Annexing Declaration, Joinder and Consent - Villages of Kapolei dated June 3, 1993, made by the Housing Finance and Development Corporation, recorded in said Office as Document No. 2043360 (the "Annexing Declaration").

The Annexing Declaration annexed the land underlying the Project to and made such lands subject to the Kapolei CC&Rs.

**EXHIBIT "J"**
**AOAO KEKUILANI VILLAS**

**ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS:**

| | Monthly X 12 months | = | Yearly Total |
|---|---|---|---|
| **UTILITIES AND SERVICES** | | | |
| Air Conditioning | | | |
| Electricity | | | |
| [X] common elements only (& Manager's Unit) | $375.00 | | $4,500.00 |
| [ ] common elements & apartments | | | |
| Gas | $100.00 | | $1,200.00 |
| Refuse Collection | $1,400.00 | | $16,800.00 |
| Telephone/Communications | $85.00 | | $1,020.00 |
| Water/Sewer | $4,900.00 | | $58,800.00 |
| **MAINTENANCE, REPAIRS AND SUPPLIES** | | | |
| Building | $500.00 | | $6,000.00 |
| Grounds | $440.00 | | $5,280.00 |
| Extermination | $100.00 | | $1,200.00 |
| Amenities | $235.00 | | $2,820.00 |
| **MANAGEMENT** | | | |
| Management Fee | $1,875.00 | | $22,500.00 |
| Payroll and Payroll Taxes | $8,178.00 | | $98,136.00 |
| Office Expenses | $295.00 | | $3,540.00 |
| **INSURANCE** | $2,219.00 | | $26,628.00 |
| **RESERVES** | $4,547.00 | | $54,564.00 |
| **TAXES AND GOVERNMENT ASSESSMENTS** | $20.00 | | $240.00 |
| **AUDIT FEES** | $83.00 | | $996.00 |
| **OTHER - LEGAL EXPENSES** | $100.00 | | $1,200.00 |
| **TOTAL DISBURSEMENTS** | $25,452.00 | | $305,424.00 |

**ESTIMATE OF INITIAL MAINTENANCE FEES;**

| TYPE | APARTMENT* COMMON INTEREST TOTAL | MONTHLY FEE X 12 MONTHS | = | YEARLY |
|---|---|---|---|---|
| TYPE A | 0.610158% | $154.63 | | $1,855.56 |
| TYPE B | 0.657928% | $166.73 | | $2,000.76 |
| TYPE C/CR | 0.689775% | $174.80 | | $2,097.60 |
| TYPE D/DR | 0.689775% | $174.80 | | $2,097.60 |
| Unit 1908 Only | 0.689765% | $174.80 | | $2,097.60 |
| OTHER INCOME/INTEREST ESTIMATED AT | | $110.00 | | $1,320.00 |

*Apartment types and common interests reported here are as provided to Managing Agent by Developer as of December 18, 1993

[X] Revised on December 20, 1993

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

I/We, Certified Management, Inc., as managing agent for the condominium, hereby certify that the above estimates of initial maintenance fee assessments and disbursements were prepared in accordance with generally accepted accounting principles.

GEOFFREY DARR, DIVISION MANAGER

DATE: February 9, 1994

## EXHIBIT "K"

## SUMMARY OF SALES CONTRACT AND RECEIPT ("SALES CONTRACT")

The specimen Sales Contract filed with the Commission, provides for, among other things, a description of the apartment to be sold, the purchase price, the time, manner and place of payment, the Purchaser's obligations regarding mortgage financing, Developer's warranties and disclaimers regarding the construction, fixtures and appliances and the remedies of Developer and of Purchaser in the event of a default under the Sales Contract.

Among other provisions the specimen Sales Contract provides:

1. The Sales Contract shall constitute a reservation agreement, cancellable at will by Purchaser until such time as a true copy of the Final Public Report (and any other Public Report then issued but not yet delivered to Purchaser) is delivered to Purchaser, together with the Receipt Form required by Hawaii Revised Statutes Section 514A-62, the Purchaser has an opportunity to read said Report(s), and the Purchaser has executed and delivered to Developer an acknowledgement of receipt and waiver of his right to cancel or a "Deemed Acceptance" as defined below has occurred. If Purchaser, after the delivery by Developer of a copy of the Final Public Report, or any Supplementary Public Report for the Project, either personally or by registered or certified mail with return receipt requested, shall fail to execute an acknowledgement of receipt and waiver of Purchaser's right to cancel the Sales Contract (or shall fail to give the written approval or acceptance to any material change to the Project as requested by Developer pursuant to the provisions of Hawaii Revised Statutes Section 514A-63) within thirty (30) days of such receipt, Developer may at its option: (i) cancel the Sales Contract upon ten (10) days' written notice to Purchaser of such cancellation and upon such cancellation Developer shall cause Escrow to refund to Purchaser all payments previously made by Purchaser without interest; or (ii) elect (by its failure to give said written notice of cancellation) to treat such failure as a deemed acceptance ("Deemed Acceptance") of such Public Report and as a waiver of the right to cancel the Sales Contract (or as a Deemed Acceptance of such material changes, as the case may be). In the event that Purchaser shall close the purchase of the Apartment within said thirty (30) day period (and prior to the time the Purchaser shall have executed a waiver of the right to cancel or approve of material change), such closing shall also constitute a Deemed Acceptance of the Final Public Report and/or material change.

2. The Sales Contract shall not be construed as a present transfer of any interest in the Apartment. Rather, it is an agreement to transfer in the future. Purchaser acknowledges that Developer has entered into an agreement with HFDC pursuant to which HFDC has loaned funds to Developer to cover construction costs and other associated costs of the Project. To secure the loan, Developer has granted HFDC security interests covering Developer's interest in the land and the Project, including the Apartment. Purchaser acknowledges and agrees that all security interests obtained by HFDC in connection with such loan, as well as any extensions, renewals, and modifications of the security interests, shall be and remain at all times, until closing and delivery by Developer of the conveyance document to Purchaser, a lien or charge on the Project, including the Apartment, prior and superior to any and all liens or charges on the Project arising from the Sales Contract or any prior or other agreement. PURCHASER

HEREBY INTENTIONALLY WAIVES, RELINQUISHES AND SUBORDINATES THE PRIORITY OR SUPERIORITY OF ANY LIEN OR OTHER LEGAL OR EQUITABLE INTEREST ARISING UNDER THE SALES CONTRACT IN FAVOR OF THE LIEN OR CHARGE ON THE PROJECT OR THE SECURITY INTERESTS OF HFDC, INCLUDING BUT NOT LIMITED TO ANY LIEN, MORTGAGE, OR OTHER CHARGE SECURING A LOAN MADE TO FINANCE THE ACQUISITION OF SAID LAND AND THE COSTS OF CONSTRUCTION OF THE PROJECT AND ALL OTHER COSTS DURING SUCH CONSTRUCTION AND ANY AND ALL ADVANCES THEREFOR, WHETHER CONTRACTUAL OR VOLUNTARY, UNTIL CLOSING AND DELIVERY BY DEVELOPER OF AN APARTMENT DEED CONVEYING THE APARTMENT TO PURCHASER. Purchaser further covenants and agrees to execute any further documentation or subordination agreement required by HFDC to evidence this subordination, and hereby irrevocably appoints Developer as Purchaser's attorney-in-fact to execute any such instrument on behalf of Purchaser, should Purchaser fail or refuse to deliver the same within ten (10) days after request is made. Said power of attorney is coupled with an interest, shall be irrevocable, and shall not be affected by the death or disability of Purchaser.

Purchaser also consents to Developer's assignment to HFDC, as security, of Developer's interests in the Sales Contract and Purchaser's deposits with escrow, and agrees that in the event HFDC (or its successors in interest) acquires Developer's interests therein pursuant to said assignment, that Purchaser will, at HFDC's option, perform to, attorn to, and recognize HFDC (and its successors in interest, if any) as the seller under the Sales Contract. Purchaser further understands and agrees that prior to the consummation of the Sales Contract and delivery of an Apartment Deed to Purchaser, HFDC has the right under certain circumstances to foreclose its mortgage and/or enforce its other remedies under the loan documents or the law, and Purchaser agrees in such connection that the rights of Purchaser under the Sales Contract are purely contractual in nature, enforceable only against Developer and its legal successors and assigns, and not against the real property, improvements, and/or appurtenances thereto which are the subject of said mortgage or other loan documents. The right of HFDC to foreclose upon its mortgage and/or enforce its other remedies under the loan documents shall terminate as to the Apartment at closing. Purchaser expressly acknowledges and agrees that Purchaser need not be named a party defendant or plaintiff in any cause of action or suit by HFDC to foreclose and/or otherwise enforce its rights under said mortgage or other loan documents, nor does Purchaser have any right to be served with process in connection with such action or to be notified of the pendency of such action.

3. Developer has made no representations and has not authorized any representations to be made by any sales agent concerning any services or arrangements relating to the rental or sale or management of the Purchaser's apartment.

4. The Project is located in an area that is subject to the effects of aircraft activity, sugar cane processing and growing, and golf course activities, including, but not limited to dust, noise and odors.

5. Purchaser acknowledges that the Declaration of Covenants, Conditions and Restrictions for Village of Kapolei dated July 26, 1990, recorded in the Office of the Registrar

of the Land Court of the State of Hawaii as Document No. 1752834 ("Kapolei CCRs") provides that all owners in the Project are subject to the Kapolei CCRs, a copy of which has been received by Purchaser. The Kapolei CCRs provide, among other things, that (a) the Purchaser automatically becomes a member of the Villages of Kapolei Association upon issuance of the Apartment Deed to Purchaser, (b) that the Purchaser must pay assessments to the Villages of Kapolei Association (including assessments for upkeep, maintenance and repair of certain roadways within the Project which may be assessed only against the owners of property served by such roadways), (c) that no construction, or alteration of improvements is permitted except in accordance with certain design rules and guidelines, and (d) that the property is subject to certain restrictions on use, all as more fully set forth in the Kapolei CCRs. The Kapolei CCRs also provide that an initiation assessment must be paid and Purchaser accepts and agrees to be bound by all of the provisions of the Kapolei CCRs.

6. Purchaser further understands and acknowledges that Developer and HFDC have entered into agreements (the "Development Agreement" and the "Loan Agreement") under which HFDC agrees, among other things, to complete certain infrastructure improvements serving the Apartment, to disburse certain sums to Developer for construction purposes, to obtain certain governmental permits for the development, use and occupancy of the Apartment, and, prior to completion of the Apartment, to transfer title to the Apartment to Developer so that Developer can transfer title to Purchaser pursuant to the Sales Contract. In the event that HFDC's failure to perform its obligations under the Development Agreement and/or the Loan Agreement shall cause Developer to fail or become unable to perform any of its obligations to Purchaser, and provided that such failure or inability of Developer to perform is legally supportable in the State of Hawaii as an impossibility of performance for reasons beyond the control of Developer, Developer shall not be responsible or liable to Purchaser for the observance or performance of the terms of the Sales Contract and Developer may cancel the Sales Contract or may (without limiting the generality of Developer's right to freely transfer or assign) transfer or assign its rights and obligations under the Sales Contract to HFDC, its successors and assigns. Purchaser hereby agrees that upon any such cancellation or upon any such transfer or assignment by Developer to HFDC, its successors or assigns, Developer shall be released from all obligations and liabilities under the Sales Contract. Purchaser hereby covenants and agrees to assume the risk of HFDC's failure to perform its obligations under the Development Agreement and/or Loan Agreement, and Purchaser shall indemnify and hold Developer and its successors and assigns harmless from any and all liability, claims, losses, damages, or expenses, including attorneys' fees, arising out of or resulting from any claims made by Purchaser in connection with Developer's failure or inability to perform its obligations to Purchaser as a result of HFDC's failure to perform its obligations to Developer pursuant to the Development Agreement and/or Loan Agreement, provided that such failure or inability of Developer to perform is legally supportable in the State of Hawaii as an impossibility of performance beyond the control of Developer.

7. Purchasers of affordable apartments acknowledge and agree that, pursuant to the terms of the Development Agreement and the Loan Agreement, Developer is developing the Project with assistance from ZHFDC for the purpose of providing housing opportunities for Qualified Residents of low-moderate income and moderate income, as determined by HFDC. As a condition for such assistance from HFDC, Developer is required to sell the Apartment to

Purchaser subject to the restrictions on the use and transfer of the Apartment and subject to a shared appreciation equity program in favor of HFDC.

# EXHIBIT "L"

## CONDOMINIUM PUBLIC REPORT

## KEKUILANI VILLAS

## SUMMARY OF EXECUTED ESCROW AGREEMENT

A copy of the executed Escrow Agreement dated December 20, 1993, between Island Title Corporation, a Hawaii corporation, as Escrow, and Kekuilani Development Company, a Hawaii general partnership, as Seller, has been filed with the Real Estate Commission. The Escrow Agreement provides for certain understandings and agreements with respect to the handling of purchasers' funds and the closing of sales. Specifically, the Escrow Agreement provides in part that:

(1) All payments made under the Sales Contract will be deposited with Escrow, who will in turn deposit the funds in a trust fund with a bank, savings and loan or trust company authorized to do business in the State of Hawaii under an escrow arrangement.

(2) Except for refunds to purchasers, no disbursement of purchasers' funds will be made until Escrow has received a letter from the Seller, assuming that the purchasers have signed the required Receipt and Notice of Right to Cancel or are deemed to have receipted for the public reports and to have waived their right to cancel, and further that no subsequent events occur which give purchasers the right to rescind, that the Sales Contacts have become effective, and the requirements of Sections 514A-39 and 514-63 of the Hawaii Revised Statutes (pertaining to the delivery of public reports and rescission rights) have been met.

(3) Each purchaser is entitled to a return of purchaser's funds, and Escrow must pay such funds to the purchaser if one of the following has occurred:

(a) Escrow receives a written request from the Seller to return to the purchaser, the purchaser's funds then being held by Escrow; or

(b) The Seller notifies Escrow in writing of the Seller's exercise of the option to rescind the Sales Contract; or

(c) The conditions provided for a refund under Section 514A-62 or under Section 514A-63 of the Hawaii Revised Statutes have been met, and written notice thereof has been provided to the Seller.

(d) Seller and purchaser request said refund in writing and purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for purchaser's reserved unit within thirty (30) calendar days following the end of the ten (10) calendar day period in which Seller is limited to selling to owner-occupants.

(e) Seller and purchaser request said refund in writing and purchaser desires to cancel the Sales Contract on account of hardship circumstances such as those set forth in Section 514A-104(1) of the Hawaii Revised Statutes.

(f) Seller and purchaser request said refund in writing and purchaser indicates an intent not to become an owner-occupant of such unit.

(4) If the purchaser is in default under the Sales Contract and fails to cure such default upon notice of same being given to the purchaser, then, if the Seller certifies in writing to Escrow that (a) the Seller has elected to terminate the Sales Contract and has notified the purchaser, or (b) the purchaser is otherwise in default, then, Escrow shall, subject to the provisions relating to dispute and conflicting demands set forth in the Escrow Agreement, treat all funds of the purchaser, less any cancellation fee, as the funds of the Seller.

It is incumbent upon a prospective purchaser to read the executed Escrow Agreement with care.

# EXHIBIT "M"

## CONDOMINIUM PUBLIC REPORT

## KEKUILANI VILLAS

## MISCELLANEOUS MATTERS; SELF-MANAGEMENT

The Developer makes the following disclaimers regarding the Project. The fact that Seller is making the following disclaimers does not relieve the Purchaser of his obligation to investigate the Project and the Project documents and to determine whether the Project is suitable for the Purchaser:

a. **MANAGING AGENT AND SELF MANAGEMENT.** The Project will be administered initially by a professional managing agent. The Association may, however, upon the affirmative majority vote of the Common Interest present or represented at a meeting at which a quorum shall be present, and upon and subject to the expiration of any contract with a professional managing agent, elect to administer the Project through self-management. When billed for maintenance fees by the managing agent or by the Association under self management, the Purchaser agrees to pay the same.

b. **MANAGING AGENT'S UNIT.** Unit 1703, as shown on the Condominium Map, will be a portion of the Common Elements of the Project and will be used for lodging or other purposes by the Managing Agent.

# EXHIBIT "N"

# CONDOMINIUM PUBLIC REPORT

# KEKUILANI VILLAS

# SUMMARY OF AFFORDABLE HOUSING PROGRAM;

# RESALE RESTRICTIONS AND SHARED APPRECIATION

The Project is a mixed market-priced and affordable residential condominium project being developed by the Developer with the assistance of the Housing Finance and Development Corporation of the State of Hawaii ("HFDC") pursuant to Chapter 201E, Hawaii Revised Statutes ("HRS"). Certain Apartments in the Project have been designated to be "lower cost housing," as defined by HFDC, which shall be sold to "qualified residents" who fall within the "low-moderate income" and "moderate income" categories, as those terms have been defined in HFDC's rules and regulations. Those Apartments which have been designated to be "lower cost housing" are subject to various restrictions on resale of the Apartments and shared appreciation, both in favor of HFDC. These restrictions are contained in all Sales Contracts and Apartment Deeds conveying the "lower cost housing" and they shall run with the land and be binding upon all Owners of the Apartments until they expire or terminate by their own terms. These restrictions are summarized below as follows:

Right to Repurchase

For a period of ten years after the purchase, whether by lease, assignment of lease, deed, or agreement of sale, if the purchaser wishes to transfer title to the Apartment, HFDC shall have the first option to purchase the Apartment at a price which shall not exceed the sum of:

(A) The original cost to the purchaser, as defined in rules adopted by HFDC;

(B) The cost of any improvements added by the purchaser, as defined in rules adopted by HFDC; and

(C) Simple interest on the original cost and capital improvements to the purchaser at the rate of one per cent per year.

HFDC may purchase the Apartment either outright, free and clear of all liens and encumbrances, or by transfer subject to an existing mortgage.

If by outright purchase, HFDC shall ensure that all existing mortgages, liens, and encumbrances are fully paid.

In any purchase by transfer subject to an existing mortgage, HFDC shall agree to assume and pay the seller's obligation on any first mortgage created for the purpose of enabling the purchaser to obtain funds for the purchase of the Apartment and any other mortgages which

were created with the approval and consent of HFDC. In such cases, the amount to be paid to the seller by HFDC shall be the difference between the above-mentioned price and the principal balance of all mortgages outstanding and assumed at the time of transfer of title to HFDC.

Shared Appreciation

After the end of the tenth year from the date of purchase, the purchaser may sell the Apartment and sell or assign the Apartment free from any price restrictions; provided that the purchaser shall be required to pay to HFDC the sum of:

(A) The balance of any mortgage note, agreement of sale, or other amount owing to HFDC;

(B) Any subsidy or deferred sales price made by HFDC in the acquisition, development, construction, and sale of the Apartment, and any other amount expended by HFDC not counted as cost under Section 201E-220, HRS, but charged to the Apartment by good accounting practice as determined by HFDC whose books shall be prima facie evidence of the correctness of the costs;

(C) Interest on the subsidy or deferred sales price, if applicable, and any other amount expended at the rate of seven per cent a year computed as to the subsidy or deferred sales price, if applicable, from the date of purchase, and as to any amount expended, from the date of expenditure; provided that the computed interest shall not extend beyond thirty years from the date of purchase of the Apartment; and provided that if any proposed sale or transfer will not generate an amount sufficient to pay HFDC the sum as computed under this paragraph, HFDC shall have the first option to purchase the Apartment at a price which shall not exceed the sum as computed above; and

(D) HFDC's share of appreciation in the Apartment as determined under rules adopted pursuant to Chapter 91, HRS, when applicable.

Other Restrictions on Use

In addition, all Apartments being sold as "lower cost housing" shall be subject to the following:

(a) Apartments purchased shall be occupied by the purchaser at all times during the ten-year restriction period.

(b) From time to time HFDC may submit a verification of owner occupancy form to the purchaser. Failure to respond to the verification in a timely manner or violation of subsection (a) shall be sufficient reason for HFDC, at its option, to

purchase the unit as provided in Section 201E-221(a)(1) or (2), HRS, as applicable.

It is incumbent upon a prospective purchaser to read the Sales Contract and Apartment Deed for "lower cost housing" with care.

# EXHIBIT "O"

## CONDOMINIUM PUBLIC REPORT

## KEKUILANI VILLAS

## SUMMARY OF APARTMENT DEED

Among other provisions, the specimen Apartment Deed and Special Power of Attorney provides that:

(1) The Purchaser shall observe, comply with and abide by all of the covenants, agreements, conditions and other provisions set forth in the Declaration and the Bylaws of the Association of Apartment Owners of Kekuilani Villas (the "Bylaws"), and any rules and regulations promulgated thereunder, and (i) Quitclaim Deed dated January 3, 1990, recorded in the Office of the Registrar of the State of Hawaii as Document No. 1696820, (ii) Declaration dated June 6, 1990, recorded in said Office as Document No. 1736622, as amended by instrument dated February 6, 1992, recorded in said Office as Document No. 1888121, (iii) Quitclaim Deed dated June 20, 1990, recorded in said Office as Document No. 1745093, (iv) the Declaration of Covenants, Conditions and Restrictions for Villages of Kapolei dated July 26, 1990, recorded in said Office as Document No. 1752834, as the same has been and/or may be hereafter lawfully amended (v) Annexing Declaration, Joinder and Consent Villages of Kapolei dated June 3, 1993, recorded in said Office as Document No. 2043360, and (vi) Quitclaim Deed dated July 21, 1993, recorded in said Office as Document No. 2046958, as the same may be amended from time to time.

(2) The Developer has the reserved right (but not the obligation) to amend the Declaration and Bylaws to clarify existing covenants contained in said Declaration and Bylaws, or to add, delete or modify such covenants, conditions and restrictions as may be required by any governmental or quasi-governmental entity, including, without limitation the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, U. S. Department of Housing and Urban Development, Veterans Administration, or any institutional lender who may extend a loan secured by a mortgage covering any apartment or interest in the common elements of the project.

(3) The Developer has the reserved right (but not the obligation) to, among other things, delete, relocate, realign, reserve, grant and receive all easements and rights of way over, under and on the common elements of the project, including without limitation easements and the rights of way for utilities, cesspools, sanitary and storm sewers, cable television, refuge disposal, driveways, parking areas and roadways.

(4) The Developer has the reserved right to execute, deliver and record any amendments and/or supplements to the Kapolei CC&Rs that the Developer determines to be necessary and desirable for the Project.

(5) The Developer has the reserved right to modify apartments and common elements in any project and to amend project documents as may be required to effect compliance with any applicable laws, including the Fair Housing Act and the American with Disabilities Act.

(6) Purchaser understands and acknowledges that land immediately adjacent to the Project is subject to an "Air Installation Compatible Use Zone" ("AICUZ") and easements for such use, and that the Project is located within the vicinity of the Barbers Point Naval Air Station and the Honolulu International Airport, and aircraft may fly in the proximity of or directly over the Project and the Apartment. Purchaser acknowledges and understands that the overflights and other airport-related activities may result in noise, odors, vibrations, nuisances, disturbances or hazards to persons and property on or within the Project and the Apartment as a result of such overflights and other airport-related activities (collectively the "Airport Effects"). Purchaser hereby covenants and agrees to assume all risks of impairment of the use and enjoyment of the Project and the Apartment, loss of market value of the Apartment, and property damage, personal injury, bodily injury or death arising out of or in connection with the Airport Effects, and Purchaser shall indemnify and hold Seller, Seller's broker, HFDC, the State of Hawaii, the United States of America, any agency or subdivision of the foregoing, and their respective officers, directors, employees, agents, successors and assigns, harmless from any and all actions, liability, claims, losses, damages, costs or expenses, including attorneys' fees, arising out of or in connection with such impairment of the use and enjoyment of the Project and the Apartment, loss of market value of the Apartment, or property damage, personal injury, bodily injury or death to the property or person of Purchaser, or any occupants arising out of or in connection with the Airport Effects.

(7) Purchaser understands and acknowledges that the Apartment and the Project are located near or adjacent to land and easements used for and in connection with the cultivation of sugar cane and diversified agricultural operations, including, but not limited to, open burning, percolating, evaporating, milling, generating power, trucking, plowing, hauling, fertilizing, grading, storing, herbicide and pesticide spraying, crop dusting, water diversion, irrigating, and all other activities incidental to the planting, cultivating, harvesting, and processing of crops, which may from time to time cause surface water runoff, noise, soot, smoke, dust, light, heat, vapors, odors, chemicals, vibrations, and other substances and phenomena of every description (collectively the "Agricultural Effects") to be discharged, emitted, or transmitted over and upon the Apartment and the Project which may bother or be a nuisance to the Purchaser. Purchaser also acknowledges that the Hawaii Right To Farm Act (Chapter 165 of the Hawaii Revised Statut es) and Hawaii law limit the circumstances under which farming operations may

be deemed to be a nuisance. Purchaser hereby covenants and agrees to assume all risks of impairment of the use and enjoyment of the Project and the Apartment, loss of market value of the Apartment, and property damage, personal injury, bodily injury or death arising out of or in connection with the Agricultural Effects, and Purchaser shall indemnify and hold Seller, Seller's broker, HFDC, the State of Hawaii, Oahu Sugar Company, Limited, the Estate of James Campbell, Deceased, and their respective officers, directors, employees, trustees, agents, successors and assigns, harmless from any and all actions liability, claims, losses, damages, costs or expenses, including attorneys' fees, arising out of or in connection with such impairment of the use and enjoyment of the Project and Apartment, loss of market value of the Apartment, or property damage, personal injury, bodily injury or death to the property or person of Purchaser, or any occupants arising out of or in connection with the Agricultural Effects.

(8) Purchaser understands and acknowledges that surface water runoff, noise, smoke, soot, dust, light, heat, noxious vapors, odors, chemicals, vibrations and other nuisances may result from Barbers Point Access Road, Farrington Highway, and surrounding agricultural operations (collectively the "Environmental Effects"). Purchaser hereby covenants and agrees to assume all risks of impairment of the use and enjoyment of the Project and the Apartment, loss of market value of the Apartment, and property damage, personal injury, bodily injury or death, arising out of or in connection with the Environmental Effects, and Purchaser shall indemnify and hold Seller, Seller's broker, HFDC, the State of Hawaii, and their respective officers, directors, employees, agents, successors and assigns harmless from any and all actions, liability, claims, losses, damages, costs or expenses, including attorneys' fees, arising out of or in connection with such impairment of the use and enjoyment of the Project and the Apartment, loss of market value of the Apartment, or property damage, personal injury, bodily injury or death to the property or person of Purchaser arising out of or in connection with the Environmental Effects.

(9) Purchaser understands and acknowledges that: (a) construction activity by Seller, HFDC, or others may continue in or adjacent to the Project after Purchaser has occupied the Apartment, and that this activity may result in noise, dust or other annoyances to Purchaser and may limit Purchaser's access to the Project; (b) sales activities, including the use of model apartments, signs and extensive sales displays and activities, and the use of some of the parking spaces in the Project for prospective purchasers will continue in or adjacent to the Project until the earlier of (i) 72-months from the date of recording in the Office of the Registrar of the Land Court of the State of Hawaii of the first Apartment Deed conveying an apartment in the Project, or (ii) closing of the sale of the last unsold apartment in the Project or in any other development undertaken by the Seller within the vicinity of the Project; and (c) any plans for the future development of the adjacent properties are subject to change (collectively (a), (b), and (c) are called the "Development Conditions"). In the event that Seller is unable to sell all of the apartments within the 72-month period, Purchaser understands and

acknowledges that Seller shall have the right to conduct sales activities on the Project until the closing of the sale of the last unsold apartment in the Project, provided that such sales activities are conducted in an unobtrusive manner which will not unreasonably interfere with the use, possession and aesthetic enjoyment of the Project by the other apartment owners. In the event that HFDC or any successor to or assignee thereof shall acquire any portion of the Project in the course of any foreclosure or other legal proceeding or in the exercise of the mortgage remedies or by an assignment in lieu of foreclosure, HFDC, its successors and assigns, shall have the right to conduct such extensive sales activities on the Project until at least ninety-five percent (95%) of all of the apartments in the Project have been sold and apartment deed therefor recorded, notwithstanding the foregoing. Purchaser hereby accepts the Development Conditions as well as any inconvenience or annoyance which Purchaser may experience as a result of such conditions. Purchaser further acknowledges that Seller makes no representations regarding the view from the Apartment or any view easements or rights, and that views from the Apartment are not guaranteed and may be diminished or blocked by future development of the Project and adjacent properties. Purchaser hereby covenants and agrees to assume all risks of impairment of the use and enjoyment of the Project and the Apartment, loss of market value of the Apartment, and property damage, personal injury, bodily injury or death arising out of or in connection with the Development Conditions, and Purchaser shall indemnify and hold Seller, Seller's broker, HFDC, and their respective officers, directors, employees, agents, successors and assigns, harmless from any and all actions, liability, claims, losses, damages, costs or expenses, including attorneys' fees, arising out of or in connection with such impairment of the use and enjoyment of the Project and the Apartment, loss of market value of the Apartment, or property damage, personal injury, bodily injury or death to the property or person of Purchaser arising out of or in connection with the Development Conditions.

(10) Purchaser understands and acknowledges that the Project and the Apartment previously were used for farming operations and in connection therewith, fertilizer and pesticides, among other things, may have been applied and used upon the Apartment or the Project or the lands adjacent thereto. Purchaser understands and acknowledges that Purchaser will be acquiring the Apartment "AS IS", in its present state and condition at the time of Closing. Except as otherwise expressly set forth herein, Purchaser is relying and will rely solely upon Purchaser's own inspection and investigation of the Apartment, and is not relying and will not rely in any way upon any representations, statements, warranties, or other information or material furnished by Seller, HFDC, or their representatives, whether oral or written, express or implied. Without limiting the generality of the foregoing, Purchaser assumes all risks of hazardous materials on, about, around, under, over or within the Apartment and the Project, including all risks of (a) any and all enforcement, clean up, or other governmental or regulatory actions instituted or threatened pursuant to any hazardous materials laws affecting the Apartment or the Project, (b) all claims made or threatened by

any third party against Purchaser or the Apartment or the Project relating to damage, contribution, compensation, loss or injury resulting from any hazardous materials and (c) Purchaser's discovery of any occurrence or condition on the Apartment or the Project or any real property adjoining or in the vicinity of the Apartment which could subject Purchaser or the Apartment to any restrictions on ownership, occupancy, transferability or use of the Apartment under any hazardous materials laws. Purchaser shall be solely responsible for, and shall defend, indemnify and hold harmless Seller, Seller's broker, HFDC, and their respective officers, directors, employees, agents, successors and assigns, from and against all claims, demands, actions, lawsuits, proceedings, fines, penalties, damages, liabilities, judgments, awards, expenses and costs (including attorneys' fees and costs) which may arise out of or may directly or indirectly be attributable to the use, generation, manufacture, treatment, handling, refining, production, storage, release, discharge, disposal or presence of any hazardous material on, about, around, over or within the Apartment or the Project after Closing. Purchaser hereby specifically forever waives and relinquishes on behalf of (a) itself, and (b) to the extent legally possible, all persons or entities which would have any claim against Seller, Broker, HFDC, or their respective officers, directors, employees, agents successors or assigns, which claims derive from a claim or claims Purchaser would have against Seller, HFDC, or the irrespective officers, directors, employees, agents, successors or assigns, absent Purchasers waiver as aforesaid, any and all claims of any kind or nature based on the use or presence on, about, around, under, over or within the Apartment or the Project of any hazardous materials.

(11) Purchaser understands and agrees that the Project is adjacent to a proposed golf course owned and to be operated by entities unrelated to the Seller, and that Seller is not responsible for, and makes no representations or warranties regarding the scheduling of construction or completion of the proposed golf course. Purchaser acknowledges and understands that the location of the Project and the Apartment with respect to such golf course may result in nuisances, disturbances or hazards to persons and Apartment on or within the Project and the Apartment as a result of the proposed construction of such golf course and the golf course related operations thereon. Purchaser represents and warrants to Seller that Purchaser, in Purchaser's sole discretion, has determined that the benefits of owning and enjoying the Apartment outweigh such risks. Purchaser hereby covenants and agrees to assume all risks associated with the location of the Project and the Apartment with respect to such golf course, including without limitation, the risk of property damage, personal injury, bodily injury or death arising out of or in connection with the construction of the golf course and the use of golf carts, stray golf balls, or other activities incidental to such golf course operations, and Purchaser shall defend, indemnify and hold harmless the Seller, Seller's broker, HFDC, and their respective officers, directors, employees, agents, successors and assigns from any actions, liability, claims, losses, damages, costs or expenses, including reasonable attorneys' fees, arising out of or in connection with any such property damage, personal injury, bodily injury

or death. Purchaser hereby irrevocably agrees to suffer and permit all actions and consequences incidental to the construction, maintenance, operation or use of the golf course and to the carrying out of all golf course related activities thereon.

(12) The Developer and the Purchaser agree to arbitrate any dispute by or between the Developer, its general contractor, contractors, architects, subcontractors and/or its other predecessor or successors in interest, on the one hand, and the Purchaser and/or the Association acting on the Purchaser's behalf and/or any tenant or occupant of the project, on the other hand, arising out of or incident to any warranty or covenant made in the apartment deed or any other aspect of the relationship between the parties regarding the apartment and/or the project.

(13) The Purchaser covenants and agrees that, upon any conveyance or mortgage by the Purchaser of the apartment, the Purchaser shall deliver a fully executed and recordable special power of attorney substantially in the form attached to the apartment deed from persons or entities to whom or to which such conveyance or mortgage by the Purchaser is made, and the Purchaser agrees to indemnify and hold the Developer harmless from any and all loss, costs and expenses incurred by the Developer as a result of the special power of attorney not being executed and delivered to the Developer upon any such conveyance or mortgage by the Purchaser.

(14) Reference is made to Exhibit "N" which contains details on affordable housing programs, resale restrictions and shared appreciation programs applicable to the project. Some of those requirements may be included as a part of the deed form if the Purchaser is purchasing an affordable housing unit.

It is incumbent on Purchaser to carefully review the terms and provisions of the proposed form of apartment deed, a copy of which has been made available for the Purchasers' inspection.