CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer Schuler Homes, Inc.
Address 828 Fort Street Mall, 4th Floor, Honolulu, Hawaii 96813

Project Name(*): The Tropics at Waikele Phase 4
Address: Paiwa Street, Waikele, Hawaii 96797

Registration No. 3824

Effective date: December 11, 1997
Expiration date: January 11, 1999

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:

____ **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.

_X_ **FINAL:** (white) — The developer has legally created a condominium and has filed complete information with the Commission.

[X] 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 Public 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-30 286/986/189/1190/892/0197

Disclosure Abstract: Separate Disclosure 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:

IMPORTANT NOTES:

The Tropics at Waikele Phase 4 is intended to be the last phase of a four phase overall condominium development that ultimately may be "merged" for administrative and ownership purposes. The four phase condominium community is estimated to contain approximately 195+/- detached residential single family condominium homes (sometimes referred to in this public report as "Condominium Home" or "Condominium Homes"). Upon the administrative merger of the phases, if any, those common facilities in each phase will be available to Condominium Home owners in all merged phases. See page 16 of this public report for additional information.

Multi-Increment Phase: The Developer has also reserved the right to develop this Phase 4 in separate "increments" or "clusters", each consisting of a number of Condominium Homes. Developer contemplates, however, that development shall proceed in three (3) increments--Phase 4A consisting of twenty-three (23) Condominium Homes, Phase 4B consisting of twenty-one (21) Condominium Homes, and Phase 4C consisting of fifteen (15) Condominium Homes. In the event that the phasing of increments departs from the foregoing, Developer shall in advance of the construction of such increment file an amendment to the Declaration identifying the Condominium Homes in such increment. Only the first "increment" will be constructed initially. Subsequent increments will be constructed later. As each "increment" or "cluster" is constructed, it may be merged with previously developed phases described above. See Section EE of the Declaration.

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of 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 owner/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 expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

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

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

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

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

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the 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 a 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: Schuler Homes, Inc. Phone: (808) 521-5661
Name (Business)
828 Fort Street Mall, 4th Floor,
Business Address
Honolulu, HI 96813

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

James K. Schuler, President, Secretary, Treasurer

Michael T. Jones, Executive Vice President

Pamela S. Jones, Vice President of Finance

Harvey L. Goth, Senior Vice President

Thomas A. Bevilacqua, Assistant Secretary

Real Estate Broker: Schuler Realty/Oahu, Inc. Phone: (808) 521-5661
Name (Business)
828 Fort Street Mall, 4th Floor
Business Address
Honolulu, HI 96813

Escrow: First American Long & Melone Title Co., Ltd. Phone: (808) 523-2358
Name (Business)
333 Queen Street, Suite 500
Business Address
Honolulu, HI 96813

General Contractor: Lokelani Construction Corporation Phone: (808) 521-5661
Name (Business)
828 Fort Street Mall, 4th Floor
Business Address
Honolulu, Hawaii 96813

Condominium Managing Agent: Chaney, Brooks & Company Phone: (808) 544-1600
Name (Business)
606 Coral Street
Business Address
Honolulu, Hawaii 96813

Attorney for Developer: Case Bigelow & Lombardi
(Dennis M. Lombardi) Phone: (808) 547-5400
Name (Business)
Grosvenor Center, Mauka Tower
737 Bishop Street, Suite 2600
Business Address
Honolulu, HI 96813

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

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

[ ] Proposed

[X] Recorded - Bureau of Conveyances — Document No. 97-138371
Book _____ Page _____

[ ] Filed - Land Court — Document Number _____

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:

[ ] Proposed

[X] Recorded - Bureau of Conveyances Condo Map No. 2601

[ ] 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:

[ ] Proposed

[X] Recorded - Bureau of Conveyances — Document No. 97-138372
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 requirements 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:

[ ] Proposed [X] 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 Vote 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:

A. The Project consists of fifty-nine (59) residential Condominium Homes and no commercial apartments contained in an equivalent number of buildings to be developed, in Developer's sole discretion, in as many separate increments as Developer shall determine. Developer contemplates, however, that development shall proceed in three (3) increments--Phase 4A consisting of twenty-three (23) Condominium Homes, Phase 4B consisting of twenty-one (21) Condominium Homes, and Phase 4C consisting of fifteen (15) Condominium Homes.

B. Upon completion of the Project, the Developer may amend the Declaration and the Condominium Map (if necessary) to file the "as built" verified statement required by Section 514A-12 of the Condominium Property Act.

C. Until all of the Condominium Homes have been sold, the Developer may amend the Declaration, the Bylaws and/or the Condominium Map to make such amendments as may be required by law, by the Real Estate Commission, by the title insurance company, by a mortgage lender, or by any governmental agency (including the VA, HUD, FNMA and/or FHLMC), provided that no such amendments change the common interest appurtenant to a Condominium Home or substantially change the design, location or size of a Condominium Home.

D. Until all of the Condominium Homes have been sold and the "as built" verified statement is filed, the Developer may amend the Declaration and the Condominium Map to (i) reflect alterations in any Condominium Home which has not been sold; and (ii) reflect minor changes in any Condominium Home or in the common elements which do not affect the physical location, design or size of any Condominium Home which has been sold.

E. The Developer may, unilaterally or jointly with the owner of an adjoining parcel of land, effect a subdivision or consolidation and resubdivision of land ("Resubdivision") that will result in a boundary adjustment and a substantial reduction or possible increase in area of the Project land, provided that (i) the Resubdivision does not affect the layout, location and structure of any Condominium Homes or other improvements of the Project as shown on the Condominium Map, (ii) the Resubdivision does not change or reapportion the common interest appurtenant to any Condominium Home, (iii) the gross area of land retained in the Project shall not be less than 2.9 +/- acres, and (iv) the Resubdivision is completed on or before December 31, 2005. When the Resubdivision is completed, the Developer may amend the Declaration and Condominium Map to substitute a new description of the Project land (Exhibit "A") to the Declaration and, if deemed necessary or advisable, to substitute a new site plan as part of the Condominium Map.

F. The Developer reserves the right to merge this Project as well as the individual "increments" with existing or future phases and to alter the product mix within this phase.

G. As reflected in Section H, infra, the Developer has retained the right to merge this phase with other phases of the Tropics Community and to alter the product mix within this phase.

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 the 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 the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements 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 provisions.

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: Paiwa Street
Waikele, Hawaii 96797

Tax Map Key: (Oahu) 9-4-07:088 (TMK)

[X] Address [ ] TMK is expected to change because Each individual Condominium Home will be assigned a street address.

Land Area: 5.659 [ ] square feet [X] acre(s) Zoning: R-5

*The Project land area may be increased or reduced by approximately 20,000 +/- square feet, as provided in and pursuant to Section S of the Declaration. See Section IIE.2.D on Page 7 of this public report.

Fee Owner: Schuler Homes, Inc.
Name

828 Fort Street Mall, 4th Floor
Address

Honolulu, HI 96813

Lessor: N/A
Name

Address

C. **Buildings and Other Improvements:**

1. [X] New Building(s) [ ] Conversion of Existing Building(s) [ ] Both New Building(s) and Conversion
C-I:1

2. Number of Buildings: 59 Floors Per Building C-II/III/IV/V/VI:2

[X] Exhibit A contains further explanations.

3. Principal Construction Material:

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

[X] Other Wood frames, metal, glass and other building materials.

4. Uses Permitted by Zoning:

	No. of Apts.	Use Permitted By Zoning			No. of Apts.	Use Permitted By Zoning	
[X] Residential	59	[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: Reasonable number of common household pets, such as small dogs, cats, aquarium fish and birds. No livestock or poultry, and no animals classified as "pests" or prohibited from importation under state statutes.

[X] Number of Occupants: No more than 2 persons per bedroom, not including children under 5 years old; no more than 3 persons per bedroom including children under 5 years old; and otherwise only in accordance with any limitations imposed by state or municipal law or ordinance.

[X] Other: Condominium Homes shall be used for residential purposes only; no "time-sharing" permitted.

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: C-II/III/IV/V/VI:1 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (s/f)* Interior Area	Entry	Garage	Lanai/Patio(s)
C-I	12	2/2	886	36	416	56
C-II	8	3/2- 1/2	1101	49	370	39
C-III	7	3/2-1/2	1122	41	409	40
C-IV	10	3/2-1/2	1309	35	371	N/A
C-V	8	4/2-1/2	1375	38	409	76
C-VI	14	4/2-1/2	1319	41	398	40

Total Number of Apartments 59

**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: Each Condominium Home includes all walls, columns and partitions (both load bearing and not load bearing) which are within the Condominium Home's perimeter walls including without limitation the Condominium Home's perimeter walls, the Condominium Home's foundation, all floors, ceilings, doors, windows, sliding glass doors, screen doors, door frames and window frames, the air space within the Condominium Home, the garage including its floor, foundation, ceiling, doors and perimeter walls, the lanais, if any, shown on the Condominium Map to the exterior edge of the exterior railings or other boundaries of such lanais, all rollers, locks, handles, tracks, and appurtenant hardware associated with all windows, doors and exterior automobile garage doors and all sliding or swinging screen doors and all glass window screens and all fixtures originally installed in the Condominium Home, and all pipes, plumbing (including water heaters), wires, conduits and other utility or service lines and facilities servicing only the Condominium Home. The Condominium Homes shall also include all load-bearing columns, girders, beams, building components and other elements included within each Condominium Home. The Condominium Home shall not include any pipes, shafts, wires, conduits or other utility or service lines running through a Condominium Home which are utilized for or serve more than one Condominium Home, all of which are deemed common elements as provided in the Declaration.

Note regarding Net Living Areas: Throughout The Tropics at Waikele Phase 4 documentation, the area of individual Condominium Homes is generally expressed as "net living area" square footage. This measurement represents the architect's best estimate of the interior square footage of the Condominium Home as measured from the interior of the Condominium Home's exterior or perimeter walls. This measurement is based upon the plans for the construction of the Condominium Home and different architects performing the same measurement may obtain a larger or smaller result after making allowances for exterior or perimeter wall thickness. Advertising material may express Condominium Home square footage using the standard construction method which measures the exterior (as opposed to the interior) of the perimeter walls.

Permitted Alterations to Apartments: Alterations or additions solely within a Condominium Home or within a limited common element appurtenant to and for the exclusive use of a Condominium Home shall require the written approval of the Board of Directors and all Condominium Home owners directly affected, as determined by the Board of Directors. Any alteration or addition different in any material respect from the Condominium Map shall be commenced only pursuant to an amendment to the Declaration, as provided in Section M of the Declaration.

7. Parking Stalls:

Total Parking Stalls: 135

	Regular		Compact		Tandem		
	Covered	Open	Covered	Open	Covered	Open	TOTAL
Assigned (for each unit)	** 2						118
Guest		10		7			17
Unassigned							
Extra for Purchase							
Other:							
Total Covered & Open	128		7		0		135

** A two car attached garage is included within each Condominium Home.

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

[ ] Commercial parking garage permitted in condominium project.

[ ] Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities.

[X] There are no recreational or common facilities.

[ ] Swimming pool [ ] Storage Area [ ] Recreation Area

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

[ ] Other: _____

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):

11. Conformance to Present Zoning Code

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

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

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

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

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

If a variance has been granted or if 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 B.

[ ] as follows:

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

[ ] There are no limited common elements in this project.

[X] The limited common elements and the apartments which may use them, as described in the Declaration are:

[X] described in Exhibit C.

[ ] 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. 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 D.

[ ] 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 E describes the encumbrances against the title contained in the title report dated September 18, 1997 and issued by First American Long & Melone Title Co., Ltd.

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. [See below]

[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 only 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**
There is a negative pledge agreement in favor of First Hawaiian Bank and other banks "securing" a total debt of $110,000,000.00.	The negative pledge agreement is released automatically upon transfer of a Condominium Home to a purchaser.

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 Developer's sole warranty will be provided in the form attached to this Public Report as Exhibit F.

2. Appliances:

The Developer makes no warranty as to appliances or other consumer products installed in any Condominium Home or in the common elements. If there are any applicable manufacturer's or dealer's warranties relating to such appliances or other consumer products, the Developer will endeavor to assign and pass on to each Condominium Home owner the benefit of such warranties.

G. Status of Construction and Date of Completion or Estimated Date of Completion:

Construction of the Project shall commence November 1997, and should be completed by approximately August 1998.

H. Project Phases:

The developer [X] has [ ] 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):

Merger: The Developer has reserved the right, in its sole and absolute discretion, to merge this project with other projects for purposes of use, administration and ownership. However, the Developer does not represent or warrant that any such other condominium projects will be developed, or, if developed, will be merged with this project. See the Declaration of Covenants, Conditions and Restrictions (Reserved Right to Merger Condominium Phases) for The Tropics at Waikele on file with the Real Estate Commission for details of any such merger. The Buyer should also note Section P of the Declaration for easements reserved to the Developer with respect to the construction, maintenance, operation and merger of any such other condominium projects. Merger for ownership purposes may include a legal consolidation of the land underlying and included in this project with any parcel(s) of land underlying and included in any such other condominium projects to be merged.

Alternation of the Community: The Developer has reserved the right in its sole and absolute discretion:

1. To make alterations in the Community (and to amend this Declaration and the Condominium Map accordingly) which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any Home (and the limited common elements appurtenant thereto) in the Community which is not sold and the conveyance thereof Recorded, including specifically the right to alter the mix of model home types (increase or decrease the number of model home types); and

2. To make other alterations in the Community (and to amend this Declaration and the Condominium Map accordingly) which make minor changes in any Home in the Community or in the common elements which do not affect the physical location, design or size of any Home which has been sold and the conveyance thereof Recorded.

Multi-Increment Phase: The Developer has also reserved the right to develop this Phase 4 in increments. The Community will consist of fifty-nine (59) residential Condominium Homes and no commercial apartments contained in an equivalent number of buildings to be developed, in Developer's sole discretion, in as many separate increments as Developer shall determine. The Developer contemplates, however, that development shall proceed in three (3) increments--Phase 4A consisting of twenty-three (23) Condominium Homes, Phase 4B consisting of twenty-one (21) Condominium Homes, and Phase 4C consisting of fifteen (15) Condominium Homes.

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 Managing 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 _____

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, a lien may be placed on your apartment and the apartment may be 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 G contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

NOTE: The Estimated Maintenance Fee Disbursements for The Tropics at Waikele Phase 4 Association (the "budget") have been compiled by Chaney Brooks & Co., a licensed property manager on the basis of the Budget Assumptions (Exhibit G-1). Although the budget contains an amount for estimated reserves (for long term maintenance and various replacements and repairs), a formal reserve study has not been conducted at this time. Although the property manager makes every effort to estimate the actual cost of operation and reserves, certain budget items, especially insurance in today's insurance market, may change. The Buyer is aware that such amounts are only estimates and may change for reasons beyond the control of Seller, and the Buyer hereby specifically accepts and approves any such changes. The Buyer is also aware that such estimates do not include the Buyer's obligation for payment of real property taxes. The Buyer understands that such estimates are not intended to be and do not constitute any representation or warranty by the Seller, including but not limited to any representation or warranty as to the accuracy of such estimates. Buyer understands that Seller has not independently confirmed the accuracy or content of the estimates prepared by the licensed independent managing agent. Further, the Developer advises that costs and expenses of maintenance and operation of a condominium community as well as appropriate reserves are very difficult to estimate initially and even if such maintenance charges have been accurately estimated, such charges will tend to increase in an inflationary economy and as the improvements age. Maintenance charges can vary depending on services desired by Condominium Home owners and may increase significantly depending on the level of services eventually selected by the Association's Board of Directors. The Buyer should examine the maintenance charges schedule to see what services are included in the schedule and address these issues with its Board upon its formation. Buyers should also be aware that the estimates provided are as of the date reflected in the Managing Agent's certification and do not reflect the actual charges that may be incurred upon the formation of the Association and the actual contracting for such services such as insurance and maintenance, etc. Also, Buyer should be aware that a reserve study has not been conducted for this Project in estimating the reserve funds (if any are indicated) necessary to maintain the Condominium Community.

Note: The Developer intends to pay all of the actual common expenses for the project until March 31, 1998. Accordingly, Condominium Home owners shall not be obligated for the payment of their respective shares of the common expenses until April 1, 1998. From and after April 1, 1998, Condominium Home owners will be obligated to pay their respective shares of the common expenses allocated to their Condominium Home, beginning with the budgeted monthly maintenance fees for the month of April, 1998. Developer has engaged an independently owned and operated Managing Agent to prepare the estimated initial maintenance fees. Developer does not warrant the correctness of these estimates.

Note: The Developer advises that costs and expenses of maintenance and operation of a condominium community are very difficult to estimate initially and even if such maintenance charges have been accurately estimated, such charges will tend to increase in an inflationary economy and as the improvements age. Maintenance charges can vary depending on services desired by Condominium Home owners and may increase significantly depending on the level of services eventually selected by the Association's Board of Directors. The Buyer should examine the maintenance charges schedule to see what services are included in the schedule and address these issues with its Board upon its formation. Buyers should also be aware that the estimates provided are as of the date reflected in the Managing Agent's certification and do not reflect the actual charges that may be incurred upon the formation of the Association and the actual contracting for such services such as insurance and maintenance, etc.

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:

[X] None [ ] Electricity (___ Common Elements only ___ Common Elements & Apartments)
[ ] Gas (____ Common Elements only ____ Common Elements & Apartments)
[ ] Water [ ] Sewer [ ] Television Cable
[ ] Other _____

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 ___H___ contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated September 1, 1995
Exhibit ___I___ contains a summary of the pertinent provisions of the escrow contract.

[X] Other Exhibit "J" is a Condominium Home Selection Form, Notice of Chronological Reservation System and Receipt of Owner-Occupant Affidavit Form

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

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

Final Report 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 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, as amended.
C) Bylaws of the Association of Apartment Owners, as amended.
D) House Rules, if any.
E) Condominium Map, as amended.
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: Master Declaration of Covenants, Conditions and Restrictions of the Waikele Community dated December 28, 1990, recorded as Land Court Document No. 1791991, Eleventh Supplemental Master Declaration of Covenants, Conditions and Restrictions for the Waikele Community, dated April 20, 1993, Land Court Document No. 2016125 and Document No. 93-061696.

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, Hawaii 96809, at a nominal cost.

This Public Report is a part of Registration No. 3824 filed with the Real Estate Commission on October 10, 1997.

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

[ ] YELLOW paper stock [X] WHITE paper stock [ ] PINK paper stock

C. Additional Information Not Covered Above

1. All prospective purchasers should also be aware that the Project is within and a part of the master planned community known as the Waikele Community, and is subject to certain conditions and restrictions contained in various documents that affect the Project, including: (i) the covenants, conditions, restrictions, reservations, agreements, obligations and other provisions contained in the Master Declaration of Covenants, Conditions and Restrictions for the Waikele Community dated December 28, 1990, recorded at the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1791991, as amended; (ii) the reservations and exceptions contained in the Eleventh Supplemental Master Declaration of Covenants, Conditions and Restrictions for the Waikele Community, dated April 20, 1993, recorded as Land Court Document No. 2016125 and Document No. 93-061696; and (iii) certain other disclosures and waivers applicable to developments within the Waikele Community, including but not limited to noise, nuisance or potential hazards resulting from the commercial and golf course operations, as set forth in Section R of the Condominium Declaration.

2. Pending City and County of Honolulu commencement of refuse collection at the project, private refuse collection services will be utilized. Estimated monthly charges not exceeding $20.00 will be assessed each Condominium Home in addition to the maintenance fee for such private refuse collection services.

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.

Schuler Homes, Inc.
Name of Developer

By: _____ 10/10/97
Duly Authorized Signatory — Date

Michael T. Jones, Executive Vice President
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City & County of Honolulu
Planning Department, City & County of Honolulu

EXHIBIT "A"

DESCRIPTION OF BUILDINGS

The Community shall contain fifty-nine (59) single-family detached Condominium Homes (twelve of which shall each contain two bedrooms, twenty-five of which shall each contain three bedrooms, and twenty-two of which shall each contain four bedrooms). None of the Condominium Homes have a basement. The Condominium Homes shall be constructed principally of metal, wood, glass and related building materials.

There shall be six different model types in the Community, designated as Model Types C-I, C-II, C-III, C-IV, C-V, and C-VI. Each of the models include, without limitation, all components, roof, exterior walls and the foundation. A description of each model type is as follows:

Model Type C-I

Model Type C-I is a one story Condominium Home containing two bedrooms, two bathrooms, living/dining room, kitchen, nook, lanai, entry, attached two car garage and other improvements as shown on the Condominium Map. Each Model Type C-I contains a net living area of approximately 886 square feet, entry area of approximately 36 square feet, garage area of approximately 416 square feet, and lanai area of approximately 56 square feet. There are twelve Model Type C-1 Condominium Homes in the Community.

Model Type C-II

Model Type C-II is a two story Condominium Home containing three bedrooms, two and one half bathrooms, living/dining room, kitchen, lanai, entry, attached two car garage and other improvements as shown on the Condominium Map. Each Model Type C-II contains a net living area of approximately 1101 square feet, entry area of approximately 49 square feet, garage area of approximately 370 square feet, and lanai area of approximately 39 square feet. Model Type C-II has a den option. There are eight Model Type C-II Condominium Homes in the Community.

Model Type C-III

Model Type C-III is a two story Condominium Home containing three bedrooms, two and one half bathrooms, living/dining room, kitchen, lanai, entry, attached two car garage and other improvements as shown on the Condominium Map. Each Model Type C-III contains a net living area of approximately 1122 square feet, entry area of approximately 41 square feet, garage area of approximately 409 square feet, and lanai area of approximately 40 square feet. Model Type C-III has a den option. There are seven Model Type C-III Condominium Homes in the Community.

Model Type C-IV

Model Type C-IV is a two story Condominium Home containing three bedrooms, two and one half bathrooms, living/dining room, family room, kitchen, entry, attached two car garage and other improvements as shown on the Condominium Map. Each Model Type C-IV contains a net living area of approximately 1309 square feet, entry area of approximately 35 square feet, and garage area of approximately 371 square feet. Model Type C-IV has a den option. There are ten Model Type C-IV Condominium Homes in the Community.

Model Type C-V

Model Type C-V is a two story Condominium Home containing four bedrooms, two and one half bathrooms, living/dining room, family room, kitchen, lanai, entry, attached two car garage and other improvements as shown on the Condominium Map. Each Model Type C-V contains a net living area of approximately 1375 square feet, entry area of approximately 38 square feet, garage area of approximately 409 square feet, and lanai area of approximately 76 square feet. Model Type C-V has a den option. There are eight Model Type C-V Condominium Homes in the Community.

Model Type C-VI

Model Type C-VI is a two story Condominium Home containing four bedrooms, two and one half bathrooms, living/dining room, kitchen, lanai, entry, attached two car garage and other improvements as shown on the Condominium Map. Each Model Type C-VI contains a net living area of approximately 1319 square feet, entry area of approximately 41 square feet, garage area of approximately 398 square feet, and lanai area of approximately 40 square feet. There are fourteen Model Type C-VI Condominium Homes in the Community.

A separate street address will be assigned to each condominium home.

END OF EXHIBIT "A"

EXHIBIT "B"

COMMON ELEMENTS

The common elements of the Community shall specifically include, but are not limited to, the following:

1. The land, in fee simple, described in Exhibit "A" attached to the Declaration of Condominium Property Regime.

2. All drainage facilities or swales, pipes, shafts, wires, conduits or other utilities or service lines running through a Condominium Home or Private Yard Area which are utilized for or serve more than one Condominium Home or Private Yard Area or other feature of the Community.

3. All sidewalks, pathways, driveways, roads, curbs, parking areas, and the seventeen (17) "guest" parking stalls numbered 27G through 43G, respectively. Note: Parking stalls numbered 30CG, 31CG, 33CG, 35CG, 37CG, 40CG and 42CG are compact guest stalls.

4. All ducts, electrical equipment, transformers, wiring, pipes and other central and appurtenant transmission facilities and installations over, under and across the Community or individual Private Yard Areas which are utilized by or serve more than one Condominium Home for services such as power, light, water, gas, sewer, drainage, telephone and radio and television signal distribution, if any.

5. All areas, rooms, spaces, structures, housings, chutes, shafts or facilities of the Community within or outside of the buildings, which are for common use or which serve more than one Condominium Home, such as electrical, maintenance, service, security, machine, mechanical and equipment rooms and the equipment, machinery and facilities therein.

6. All the benefits, if any, inuring to the land or to the Community from all easements, if any, shown on the Condominium Map or listed in Exhibit "A" attached to the Declaration of Condominium Property Regime.

7. Any and all apparatus and installations of common use and all other parts of the Community necessary or convenient to its existence, maintenance and safety, or normally in common use.

8. The private driveways i.e. the Common Driveways servicing groups of Condominium Homes, as identified in the Declaration of Condominium Property Regime of the Tropics at Waikele Phase 4 ("Declaration") and as shown on the Condominium Map, provided however that the Board of Directors may treat such driveways as a limited common element appurtenant to those Condominium Homes for purposes of assessing costs and expenses associated with it.

9. All other parts of the Community which are not included in the definition of a Condominium Home.

END OF EXHIBIT "B"

EXHIBIT "C"

LIMITED COMMON ELEMENTS

Certain Condominium Homes shall have appurtenant thereto easements for the exclusive use of certain limited common elements as follows:

1. Private Yard Area:

The land area appurtenant to each Condominium Home as described in the Declaration and as shown on the Condominium Map and bearing the same Private Yard Area number as the unit number assigned to the Condominium Home, is a limited common element.

2. Exterior Light Fixtures:

Exterior Lighting Fixtures, electrical service in respect of which is provided by an individual Condominium Home, whether located within or without a Private Yard Area, are limited common element(s) associated with the Condominium Home providing such electrical service.

3. Party Walls/Fences.

The fences and walls or portion thereof that have been constructed within a Private Yard Area or on the common Lot Area line boundary between Lots as shown on the Condominium Map, including those fences and walls defined as "Party Walls" in the Declaration, are limited common elements.

END OF EXHIBIT "C"

EXHIBIT "D"

COMMON INTERESTS
Increments Phase 4A, Phase 4B and Phase 4C
(assuming all increments constructed)

Building Type	Condominium Home (Unit) Number	Undivided Common Interest of Each Building
C-I (12)	112, 123, 128, 130, 135, 137, 142, 144, 149, 150, 159, 164	0.014233 (1.4233%)
C-II (8)	107, 109, 120, 126, 133, 147, 152, 162	0.015910 (1.5910%)
C-III (7)	111, 119, 122, 129, 131, 136, 165	0.016444 (1.6444%)
C-IV (10)	110, 115, 121, 127, 134, 141, 148, 153, 157, 163	0.017500 (1.7500%)
C-V (8)	108, 113, 117, 132, 139, 146, 151, 155	0.019368 (1.9368%)
C-VI (14)	114, 116, 118, 124, 125, 138, 140, 143, 145, 154, 156, 158, 160, 161	0.018348 (1.8348%)

COMMON INTEREST ALLOCATIONS APPLICABLE TO
INITIAL AND SUBSEQUENT INCREMENTS

Increment 1
Phase 4A

Building Type	Condominium Home (Unit) Number	Undivided Common Interest of Each Building
C-I (3)	112, 123, 128	0.036313 (3.6313%)
C-II (4)	107, 109, 120, 126	0.040591 (4.0591%)
C-III (4)	111, 119, 122, 129	0.041955 (4.1955%)
C-IV (4)	110, 115, 121, 127	0.044645 (4.4645%)
C-V (3)	108, 113, 117	0.049414 (4.9414%)
C-VI (5)	114, 116, 118, 124, 125	0.046811 (4.6811%)

Increment 2
Phase 4A and Phase 4B

Building Type	Condominium Home (Unit) Number	Undivided Common Interest of Each Building
C-I (9)	112, 123, 128, 130, 135, 137, 142, 159, 164	0.019195 (1.9195%)
C-II (6)	107, 109, 120, 126, 133, 162	0.021457 (2.1457%)
C-III (7)	111, 119, 122, 129, 131, 136, 165	0.022179 (2.2179%)
C-IV (7)	110, 115, 121, 127, 134, 141, 163	0.023600 (2.3600%)
C-V (5)	108, 113, 117, 132, 139	0.026120 (2.6120%)
C-VI (10)	114, 116, 118, 124, 125, 138, 140, 143, 160, 161	0.024745 (2.4745%)

Increments 1, 2 and 3
Phase 4A, Phase 4B and Phase 4C
(see first table for all "increments")

END OF EXHIBIT "D"

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

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

2. Title to all mineral and metallic mines reserved to the State of Hawaii.

3. CERTIFICATE dated March 31, 1986, recorded in the Bureau of Conveyances in Book 19393, Page 686, made by Amfac Property Development Corp., a Hawaii corporation, regarding the reclassification of land from Agricultural district to Urban district, subject to the conditions set forth therein.

4. CERTIFICATE dated April 16, 1986, recorded in the Bureau of Conveyances in Book 19447, Page 217, made by Amfac Property Investment Corp., a Hawaii corporation, regarding the reclassification of land from Agricultural district to Urban district, subject to the conditions set forth therein.

5. Unilateral Agreement and Declaration for Conditional Zoning dated November 14, 1986, recorded in the Bureau of Conveyances in Book 20054, Page 522.

6. Master Declaration of Covenants, Conditions and Restrictions for the Waikele Community dated December 28, 1990, recorded as Land Court Document No. 1791991, as supplemented by instrument dated April 20, 1993, recorded in the Bureau of Conveyances as Document No. 93-061696, and other various documents.

7. Declaration of Development Covenants, Conditions and Restrictions dated April 20, 1993, a Memorandum of which is dated April 20, 1993, recorded in the Bureau of Conveyances as Document No. 93-061697, as amended by instrument acknowledged March 20, 1996, recorded in the Bureau of Conveyances as Document No. 96-043829.

8. Meandering chain link fence across the northwest and west boundaries as shown on survey (of Parcel 20) prepared by Wayne M. Teruya, Registered Professional Land Surveyor, with Community Planning, Inc., dated April 2, 1993, as mentioned in Deed dated April 20, 1993, recorded in the Bureau of Conveyances as Document No. 93-061698.

9. Terms, provisions, covenants, conditions and reservations contained in Deed dated April 20, 1993, recorded in the Bureau of Conveyances as Document No. 93-061698.

10. Unrecorded Option Agreement and Escrow Instructions dated April 20, 1993, by and between Amfac Property Development Corp., a Hawaii corporation, "Amfac", and Schuler Homes, Inc., a Delaware corporation, "Builder"; regarding Builder hereby grants to Amfac the option to acquire the premises described herein, besides other land, subject to the terms and conditions contained therein, a Memorandum of which is dated April 20, 1993, recorded in the Bureau of Conveyances as Document No. 93-061699.

11. AGREEMENT FOR ISSUANCE OF CONDITIONAL USE PERMIT UNDER SECTION 4.40-21 OF THE LAND USE ORDINANCE dated December 23, 1994, recorded in the Bureau of Conveyances as Document No. 95-024707, as amended and restated by instrument dated

August 4, 1995, recorded in the Bureau of Conveyances as Document No. 95-105759, which agreement may be further amended by Declarant without the joinder or consent of any other party or such party's mortgagee to describe those lands remaining subject to such agreement.

12. Reservations and conditions contained in the Declaration of Covenants, Conditions and Restrictions (Reserved Right to Merge Condominium Phases) The Tropics at Waikele, dated September 28, 1995, recorded in the Bureau of Conveyances as Document No. 95-135472.

13. GRANT OF EASEMENT dated October 27, 1995, recorded in the Bureau of Conveyances as Document No. 96-000705, in favor of Hawaiian Electric Company, Inc. and GTE Hawaiian Telephone Company Incorporated, for utility purposes.

14. Negative Pledge Agreement dated March 29, 1996, recorded in the Bureau of Conveyances as Document No. 96-056281, by and between Schuler Homes, Inc., a Delaware corporation, called the "Company", and First Hawaiian Bank, a Hawaii corporation, as agent for Bank of America NT&SA, NBD Bank, Bank of Boston, Bank of Hawaii, and First Hawaiian Bank (collectively called the "Banks"), in order to induce the Bank to loan the Company the sum of $110,000,000.00 pursuant to the terms and conditions contained in that certain Credit Agreement dated March 29, 1996 the Company agrees that, unless waived in writing by the Majority Banks, the Company shall not create, incur, assume, or suffer to exist any lien, encumbrances, mortgage, security interest, pledge, or change of any kind upon any of the property whether now owned or hereafter acquired, as amended by instrument dated March 27, 1997, recorded in the Bureau of Conveyances as Document No. 97-044909.

15. GRANT OF EASEMENT dated April 16, 1996, recorded in the Bureau of Conveyances as Document No. 96-085964, in favor of Time Warner Entertainment Company, L.P., doing business as Oceanic Cablevision, granting a perpetual right and easement for cable television circuits, etc., over, under and across Lot 4.

16. Designation of Easement "2", 50 feet wide, as shown on File Plan 2057, for restrictive use.

17. GRANT OF EASEMENT dated January 6, 1992, recorded in the Bureau of Conveyances as Document No. 92-002010, in favor of United States of America, acting through the Department of the Navy, Pacific Division, over and across Easement 2.

18. Reservations and covenants as contained in Deed dated February 13, 1996, recorded in the Bureau of Conveyances as Document No. 96-031776.

19. Designation of the following easements, as shown on File Plan 2178, to-wit:

    (A) Easements "G-1", "G-2", and "G-3", for access and utility purposes;

    (B) Easements "H-1", "H-2", "H-3", "H-4", "H-5", "H-6", and "H-7", for access and utility purposes;

    (C) Easement "L-3", for landscaping purposes;

    (D) Easement "S-1", 6 feet wide, for sanitary sewer purposes;

(E) Easements "T-25", "T-26", "T-27", "T-28", "T-29", "T-30", "T-31", "T-32", "T-33", "T-34", "T-35", "T-36", and "T-37", for sight distance purposes.

20. GRANT OF EASEMENT dated August 28, 1996, recorded in the Bureau of Conveyances as Document No. 96-129560, in favor of Waikele Community Association, a Hawaii nonprofit corporation, granting a perpetual and nonexclusive easement over, under, upon, across and through Easement L-3.

21. EASEMENT 2 for landscaping purposes, in favor of Waikele Community Association, as shown on plan attached to instrument recorded in the Bureau of Conveyances as Document No. 97-059699.

22. Reservations and conditions contained in the Declaration of Condominium Property Regime of The Tropics at Waikele Phase 4, recorded in the Bureau of Conveyances as Document No. 97-138371; Condominium Map No. 2601.

22. Reservations and conditions contained in the Bylaws of the Association of Condominium Home Owners of The Tropics at Waikele Phase 4, recorded in the Bureau of Conveyances as Document No. 97-138372.

END OF EXHIBIT "E"

EXHIBIT "F"

BUILDINGS AND COMMON ELEMENTS WARRANTY

[form attached]

EXHIBIT "F"

Warranty of Completion of Construction

U.S. Department of Hous
and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0059 (exp.3/31/94)

Lender's Name, Address & Phone No:	FHA/VA Case Number :

Name(s) of Purchaser/Owner:	Property Address :

For good and valuable consideration, and in accordance with Section 801 of the Housing Act of 1954, and Public Law 85-857 (38 U.S.C. 3705), the undersigned Warrantor hereby warrants to the Purchaser(s) or Owner(s) identified in the caption hereof, and to his/her successors or transferees, that:

The dwelling located on the property identified in the caption hereof is constructed in substantial conformity with the plans and specifications (including any amendments thereof, or changes and variations therein) which have been approved in writing by the Federal Housing Commissioner or the Secretary of Veterans Affairs on which the Federal Housing Commissioner or the Secretary of Veterans Affairs based the valuation of the dwelling: **Provided, however,** That this warranty shall apply only to such instances of substantial nonconformity as to which the Purchaser(s)/ Owner(s) or his/her (their) successors or transferees shall have given written notice to the Warrantor at any time or times within one year from the date of original conveyance of title to such Purchasers(s)/Owner(s) or the date of initial occupancy, whichever first occurs: **Provided further, however,** That in the event (1) the Purchaser(s)/Owner(s) acquired title to the captioned property prior to the completion of construction of the dwelling thereon, such notice of nonconformity to the Warrantor may be given any time or times within one year from the date of completion or initial occupancy of such dwelling, whichever first occurs, or (2) where it has been necessary to postpone improvements such notice of nonconformity to the Warrantor as to such incomplete items may be given at any time or times within one year from the date of full completion of each of such items.

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

The undersigned Warrantor further warrants to the Purchaser(s)/ Owner(s) or his/her (their) successors or transferees, the property against defects in equipment, material, or workmanship and materials supplied or performed by the Warrantor or any subcontractor or supplier at any tier resulting in noncompliance with standards of quality as measured by acceptable trade practices. This warranty shall continue for a period of one year from the date of original conveyance of title to such Purchaser(s) or from the date of full completion of each of any items completed after conveyance of title. The Warrantor shall remedy, at the Warrantor's expense, any defect(s) of equipment, material, or workmanship furnished by the Warrantor. Warrantor shall restore any work damaged in fulfilling the terms and conditions of this warranty.

If a manufactured (mobile) home was erected on this property, the Warrantor further warrants that (1) the property (other than the manufactured unit itself) complies with the submitted construction exhibits; (2) the manufactured home sustained no hidden damage during transportation and erection; and (3) if the home was manufactured in separate sections, the sections were properly joined and sealed.

Manufacturer's Name, Address & Phone No:

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

This warranty is executed for the purpose of inducing the Federal Housing Commissioner or the Secretary of Veterans Affairs to make, to guarantee or to insure a mortgage on the captioned property, and the person signing for the Warrantor represents and certifies that he/she is authorized to execute the same by the warrantor and by his/her signature the Warrantor is duly bound under the terms and conditions of said warranty. The FHA Commissioner or the Secretary of Veterans' Affairs reserves the right to make a final determination as to whether a defect exists and whether the builder must remedy the defect.

Warrantor's Title, Signature & Date:	Purchaser(s)' acknowledgement:
	Signature(s) of Purchaser(s) & Dates:
X	X
Builder's Name, Address & Phone No:	
X	X

Purchaser Note: Any notice of nonconformity must be delivered to the warrantor within the period or periods set forth above.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Public reporting burden for this collection of info is estimated to average 0.05 hour per response, i .g the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Office of Information Policies and Systems, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600 and to the Office of Management and Budget, Paperwork Reduction Project (2502-0059), Washington, D.C. 20503. Do not send this completed form to either of these addressees.

1. Provide completed copies of this warranty to both the homebuyer and the builder, at closing.
2. Include a copy of this warranty in the case binder when sent to HUD.

EXHIBIT "G"

ESTIMATE OF INITIAL MAINTENANCE FEES FOR PHASE 4A

Home Type	Monthly Fee (per home)	Yearly Total (per home)
C-I	$71.66	$859.92
C-II	$80.10	$961.20
C-III	$82.79	$993.48
C-IV	$88.10	$1,057.20
C-V	$97.51	$1,170.12
C-VI	$92.37	$1,108.44

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency. Buyer should be aware that a reserve study has not been conducted for this Project in estimating the reserve funds (if any are indicated) necessary to maintain the Condominium Community.

Estimate of Maintenance Fee Disbursements:

	Monthly	x 12 months = Yearly Total
Utilities and Services	N/A	
Air Conditioning		
Electricity		
[ ] Common elements only		
[ ] Common elements and apartments		
Elevator		
Gas		
[ ] Common elements only		
[ ] Common elements and apartments		
Refuse Collection		
Telephone		
Water and Sewer		
Maintenance, Repairs and Supplies		
Building		
Grounds		
Roads - Driveways	$ 320.00	$ 3,840.00
Management		
Management Fee	$ 240.00	$ 2,880.00
Payroll and Payroll Expenses		
Office Expenses	$ 50.00	$ 600.00
Insurance		
Property, Liability, Hurricane and Fiedelity Bond	$1,083.34	$ 13,000.00
Reserves(*)	$ 150.00	$ 1,800.00
Taxes and Government Assessments	$ 5.00	$ 60.00
Audit Fees	$ 125.00	$ 1,500.00
Other		
TOTAL	$ 1,973.34	$ 23,680.00

I Caroline Bell, as agent for/and/or employed by Chaney, Brooks & Company, the condominium managing agent for the Tropics at Waikele, Phase IV Condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Caroline Bell — Signature

October 15, 1997 — Date

(*) Manadatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with 514a-83.6, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to 14a-83.6, HRS a new association creadted after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

TROPICS AT WAIKELE
Phase 4A
(23 Units)

BUDGET ASSUMPTIONS

Maintenance/Roads - Allowance for miscellaneous repairs based on square footage.

Management Fee - Based on number of units in project. Included coupon billing, quarterly Board meetings and quarterly inspections.

Office Expense - Includes quarterly mailouts to all owners, coupons, condominium registration fee and miscellaneous expenses.

Insurance - Includes Property, Liability & Excess Hurricane - $9,925 Annually; Fidelity Bond - $230 Annually; HHRF - $1,820 Annually; Umbrella $1,025 Annually.

Reserves - Includes road repaving. Reserve schedule will be re-evaluated and adjusted accordingly by the Board of Directors based on a Reserve Study.

Audit & Tax Preparation - Based on current prices for similar properties plus inflation factor.

EXHIBIT "H"

SUMMARY OF SALES CONTRACT

The Deposit Receipt, Reservation and Sales Agreement (the "Sales Contract") contains the price and other terms and conditions under which a purchaser will agree to buy a condominium home in the Project. Among other things, the Sales Contract states:

(a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of a condominium home.

(b) That the purchaser acknowledges having received and read a public report (either preliminary or final) for the Project prior to signing the Sales Contract.

(c) That the Developer makes no representations concerning rental of a condominium home, income or profit from a condominium home, or any other economic benefit to be derived from the purchase of a condominium home.

(d) That the Sales Contract may be subordinate to the lien of a construction lender.

(e) That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.

(f) Requirements relating to the purchaser's financing of the purchase of a condominium home.

(g) That the condominium home and the Project will be subject to various other legal documents which the purchaser should examine, and that the Developer may change these documents under certain circumstances.

(h) That, except to the extent of a limited warranty in form attached as Exhibit "G" to this Public Report, the Developer makes no warranties regarding the condominium home, the Project or anything installed or contained in the condominium home or the Project.

(i) That the Project will be subject to ongoing construction and sales activities which may result in certain annoyances to the purchaser.

(j) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

(k) That the Developer has reserved certain rights and powers relating to the Project and the purchaser acknowledges and consents to the exercise of such rights and powers.

(l) That except under certain circumstances, as set forth in the Sales Contract, all interest on deposits toward the purchase price shall be the property of the Developer.

(m) If the purchaser defaults, Developer may retain purchaser's deposits and bring on action against purchaser.

The Sales Contract contains various other important provisions relating to the purchase of a condominium home in the Project. Purchasers and prospective purchasers should carefully read the specimen Sales Contract on file with the Real Estate Commission.

END OF EXHIBIT "H"

EXHIBIT "I"

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the deposits a purchaser makes pursuant to a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

(a) Escrow will let the purchaser know when payments are due.

(b) Escrow will arrange for the purchaser to sign all necessary documents.

(c) Except under certain circumstances as set forth in the Sales Contract, all deposits toward the purchase price shall be the property of the Developer.

(d) The purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the Sales Contract.

The Escrow Agreement also establishes the procedures for the retention and disbursement of a purchaser's funds and says what will happen to the funds upon a default under the Sales Contract. The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. Purchasers and prospective purchasers should carefully read the signed Escrow Agreement on file with the Real Estate Commission.

END OF EXHIBIT "I"

EXHIBIT "J"

THE TROPICS AT WAIKELE PHASE 4
CONDOMINIUM HOME SELECTION FORM AND
NOTICE OF CHRONOLOGICAL RESERVATION SYSTEM
AND RECEIPT OF OWNER-OCCUPANT AFFIDAVIT FORM
Condominium Home Selection Form

Condominium Home No. selected_____ Model Type_____

Square Footage_____ Projected Price_____

Reservation List Number: _____

PRINT Full name of Buyers:

_____
FIRST MIDDLE LAST

_____
FIRST MIDDLE LAST

_____
FIRST MIDDLE LAST

_____
FIRST MIDDLE LAST

Address: _____
Street Address

_____
City State Zip

Phone (Res.) _____ (Bus.) Husband _____
(Bus.) Wife _____

Buyer's Signature: _____ Date: _____

Buyer's Signature: _____ Date: _____

Buyer's Signature: _____ Date: _____

Buyer's Signature: _____ Date: _____

This Condominium Home Selection Form does not constitute a sales contract or a reservation. If Buyer elects not to sign the Deposit Receipt, Reservation and Sales Agreement presented by Seller for the purchase of a condominium home within three (3) days of Seller's request, then Buyer's deposit is refundable and Buyer shall have no further right to execute a Sales Contract for the condominium home selected.

RECEIPT OF EARNEST MONEY DEPOSIT ACKNOWLEDGED:
Date: _____ Time: _____ A.M./P.M. Check Amount _____

By: _____
(Agent for Developer/Real Estate Broker)

Identification of Deposit: [ ] Cash
[ ] Check
Check No. _____

THE TROPICS AT WAIKELE PHASE 4
Notice and Receipt

This is a Notice given by SCHULER HOMES, INC., (the "Developer") in regard to a proposed fee simple detached single family condominium home community to be known as "The Tropics at Waikele Phase 4" (the "Community"), which the Developer has made preliminary plans to develop at Waipio and Waikele, District of Ewa, City and County of Honolulu, Hawaii, TMK No. (Oahu) 9-4-7-89 (portion) the purpose of this Notice is to inform prospective purchasers of fee simple detached single family condominium homes in the Community of the chronological reservations system that has been established for selecting prospective purchasers who will be offered the opportunity to enter into sales contracts for such condominium homes, if the Developer elected to proceed with present plans to construct and market the Community.

By signing below, the undersigned acknowledges the following:

1. The undersigned has received the form of "Affidavit of Intent to Purchase and Reside in an Owner-Occupant designated Fee Simple Detached Single Family Condominium Home" (the "Owner-Occupant Affidavit").

2. The undersigned has read or has been given an opportunity to read the Owner-Occupant Newspaper Announcement ("Pre-Sale Notice") regarding the Community, or a copy thereof, which was first published in the Honolulu Advertiser on May 18, 1997.

3. Prior to the date on which the Pre-Sale Notice was first published, the undersigned did not receive any information regarding the Community or any advance notice of the first publication date from any person who, to the best of the undersigned's knowledge, is an agent or employee of the Developer, or is a licensed real estate agent.

4. The undersigned has been furnished with or been given an opportunity to review a list of those condominium homes in the Community which have been designated as "fee simple detached single family condominium homes" for sale to prospective owner-occupants: ("designated condominium homes") pursuant to section 514A-103, HRS.

5. The undersigned understands that the Developer's Real Estate Broker is compiling a "Reservation List" of prospective owner-occupants **in the chronological order in which each has submitted both a completed Owner-Occupant Affidavit and an earnest money deposit in the amount of $1,000.** After the issuance by the Real Estate Commission of an effective date for the first Public Report on the Community, each of the prospective owner-occupants on the final Reservation List will be offered an opportunity to select and enter into a sales contract for the purchase of a designated condominium home **in the order in which their names appear on the Reservation List.** Those prospective owner-occupants who are not initially offered an opportunity to select and enter into a sales contract for the purchase of a condominium home, or who initially decline to select and enter into a sales contract, may retain their position on the Reservation List as "back-up" prospective owner-occupants.

6. The undersigned understands that any earnest money deposit which the undersigned submits will be deposited in an escrow account that **will not earn interest for the undersigned's account.** At any time prior to entering into a sales contract for the purchase of a designated condominium home, the undersigned may request in writing to be removed from the Reservation List and thereupon will receive a full refund of the undersigned's earnest money deposit without interest. If the undersigned is not offered the opportunity to enter into a sales contract within 6 months after the issuance of an effective date for the first Public Report on the Community, or the undersigned elects not to enter into a sales contract, the undersigned will be removed from the Reservation List and receive a full refund of the earnest money deposit without interest.

7. This is a "Notice" to prospective owner-occupants and a "Receipt" for the Owner-Occupant Affidavit only. **This is not a contract and does not give the undersigned any right to purchase a condominium home in the Community or to have the undersigned's name appear on the Reservation List. To be on the Reservation List, the undersigned must return a fully completed and executed Owner-Occupant Affidavit and make the earnest money deposit set forth above.**

8. The undersigned has signed this Notice and Receipt in the presence of an agent or representative of the Developer or the Developer's Real Estate Broker.

_____	_____
Signature	Signature
_____	_____
Print Name	Print Name
_____	_____
Signature	Signature
_____	_____
Print Name	Print Name

Signed in my presence:

_____

Agent for Developer/Broker

THE TROPICS AT WAIKELE PHASE 4
AFFIDAVIT OF INTENT TO PURCHASE AND RESIDE IN AN OWNER-OCCUPANT DESIGNATED FEE SIMPLE DETACHED SINGLE FAMILY CONDOMINIUM HOME

We, the undersigned "owner-occupants," on this _____ day of _____, 19___, do hereby declare that it is our intention to purchase and reside in a designated fee simple detached single family condominium home designated for an "owner-occupant" in The Tropics at Waikele Phase 4 detached single family condominium home ("Community") proposed by Schuler Homes, Inc. ("Developer").

We understand, affirm, represent and agree by signing this Affidavit that:

1. It is our intent to reserve and purchase an owner-occupant designated detached single family condominium home ("designated condominium home") pursuant to section 514A-103 of the Owner-Occupant Law, and upon closing escrow, to reside in the designated condominium home as our principal residence for 365 consecutive days.

2. The term "owner-occupant" as used herein is defined in section 514A-101 of the Owner-Occupant Law as:

> "...any individual in whose name sole or joint legal title is held in a residential condominium home which, simultaneous to such ownership, serves as the individual's principal residence, as defined by the state department of taxation, for a period of not less than three hundred and sixty-five consecutive days, provided that the individual retains complete possessory control of the premises of the residential condominium home during this period. An individual shall not be deemed to have complete possessory control of the premises if the individual rents, leases or assigns the premises for any period of time to any other person in whose name legal title is not held." (Emphasis added).

3. We understand that if two or more prospective owner-occupants intend to reside jointly in the same designated condominium home, only one owner-occupant's name shall be placed on the reservation list for either the chronological system or the lottery system.

4. Should we require financing from a financial institution to purchase the designated condominium home, the financing shall be an owner-occupant mortgage loan. The financial institution is required to take all reasonable steps necessary to determine whether the borrower intends to become an owner-occupant.

5. At any time after obtaining adequate financing or a commitment for adequate financing up until the expiration of this Affidavit (365 days after recordation of the instrument conveying the designated condominium home to us), we shall notify the Real Estate Commission immediately upon any decision to cease being an owner-occupant of the designated condominium home.

6. At closing of escrow, we shall file a claim for and secure an owner-occupant property tax exemption with the appropriate county office for the designated condominium home.

7. We have personally executed this Affidavit and we are all of the prospective owner-occupants for the designated condominium home. This Affidavit shall not be executed by an attorney-in-fact.

8. This Affidavit shall be reaffirmed by us no earlier than our receipt for the Community's Final Public Report and no later than the closing of escrow for the condominium home. The developer shall cancel our sales contract or reservation if we fail to make the reaffirmation. If the sales contract has become binding pursuant to section 514A-62 of the Condominium Property Act, we may be considered to be in default under our sales contract, and the Developer may exercise the default or other remedies provided for in the sales contract and any other remedies provided by law.

9. We shall not sell or offer to sell, lease or offer to lease, rent or offer to rent, assign or offer to assign, convey or otherwise transfer any interest in the designated condominium home until at least 365 consecutive days have elapsed since the recordation of the instrument conveying title to the designated condominium home to us. Furthermore, we understand that we have the burden of proving our compliance with the law.

10. We understand that it is the affirmative duty of any developer, employee or agent of a developer, and real estate licensee, to report immediately to the Real Estate Commission any person who violates or attempts to violate the Owner-Occupant Law. No developer, employee or agent of a developer, or real estate licensee shall violate or aid any person in violating the Owner-Occupant Law.

11. The Real Estate Commission may require verification of our owner-occupant status and if we fail to submit such verification, we may be subject to a fine in an amount equal to the profit made from the sale, assignment or transfer of the designated condominium home.

12. Any false statement in this Affidavit or violation of the Owner-Occupant Law shall subject us to a misdemeanor charge with a fine not to exceed $2,000, or by imprisonment of up to a year or both. We further understand that if we violate or fail to comply with the Owner-Occupant Law, we shall be subject to a civil penalty of up to $10,000, or fifty per cent of the net proceeds received or to be received from the sale, lease, rental, assignment or other transfer of the designated condominium home, whichever is greater.

13. When required by context, each pronoun reference shall include all numbers (singular or plural) and each gender shall include all genders.

By signing this affidavit we represent and affirm that we have read, understand and agree to the above statements.

1) _____
Purchaser's signature Print Name Date

2) _____
Purchaser's signature Print Name Date

3) _____
Purchaser's signature Print Name Date

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

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

_____
Notary Public, State of Hawaii

My commission expires: _____

REAFFIRMATION
(Leave Section Blank Until After Receipt for the Final Public Report)

We represent and affirm that we have received the Final Public Report for the condominium home community identified on page one of the attached Affidavit.

By signing this Reaffirmation we represent, warrant and confirm that we have read, understand, agree to and reaffirm all the statements set forth in the attached Affidavit. We reaffirm that we are and will be the owner-occupants of the designated condominium home, and that the designated condominium home will be our principal residence for 365 consecutive days after recordation of the instrument conveying the designated condominium home to us.

REAFFIRMATION OF OWNER-OCCUPANTS:

1) _____
Purchaser's signature Print Name Date

2) _____
Purchaser's signature Print Name Date

3) _____
Purchaser's signature Print Name Date

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

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

_____
Notary Public, State of Hawaii

My commission expires: _____

END OF EXHIBIT "J"