

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer Schuler Homes, Inc. Address 828 Fort Street Mall, 4th Floor, Honolulu, Hawaii 96813 Project Name (\*): KAI NUI COURT Address: Ainahou Street, Honolulu, Hawaii 96825 Registration No. 4619 Effective date: May 23, 2001 Expiration date: February 23, 2002

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 CONTINGENT FINAL: (green) The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date. Contingent Final public reports may not be extended or renewed.
[X] No prior reports have been issued.
[ ] This report supersedes all prior public reports.
FINAL: (white) The developer has legally created a condominium and has filed complete information with the Commission.
[ ] No prior reports have been issued.
[ ] This report supersedes all prior public reports.
[ ] This report must be read together with
SUPPLEMENTARY: (pink) This report updates information contained in the:
[ ] Preliminary 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 This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request. FORM: RECO-30 1297 / 0298 / 0800

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

Required and attached to this report       Not Required - Disclosures covered in this report.

**Summary of Changes from Earlier Public Reports:**

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

No prior reports have been issued by the developer.

Changes made are as follows:

**SPECIAL ATTENTION**

This Contingent Final Public Report has been prepared by the Developer pursuant to §514A-39.5, HRS. The Real Estate Commission issued this report before the developer submitted certain documents and information as more fully set forth in the statutory notice below. Sales contract executed pursuant to this report are **binding on the buyer under those conditions specified immediately below** and in Part V. B. of this report found on pages 18 & 19 of this report. This report expires nine (9) months after the effective date of the report and may not be extended or renewed.

**STATUTORY NOTICE**

"The effective date for the Developer's Contingent Final Public Report was issued before the Developer submitted to the Real Estate Commission: the executed and recorded deed or master lease for the project site; the executed construction contract for the project; the building permit; satisfactory evidence of sufficient funds to cover the total project cost; or satisfactory evidence of a performance bond issued by a surety licensed in the State of not less than one hundred percent of the cost of construction, or such other substantially equivalent or similar instrument or security approved by the Commission. Until the Developer submits each of the foregoing items to the Commission, all Purchaser deposits will be held by the escrow agent in a federally-insured, interest-bearing account at a bank, savings and loan association, or trust company authorized to do business in the State. If the Developer does not submit each of the foregoing items to the Commission and the Commission does not issue an effective date for the Final Public Report before the expiration of the Contingent Final Public Report, then:

- (1) The Developer will notify the Purchaser thereof by certified mail; and
- (2) Either the Developer or the Purchaser shall thereafter have the right under Hawaii law to rescind the Purchaser's sales contract. In the event of a rescission, the Developer shall return all of the Purchaser's deposits together with all interest earned thereon, reimbursement of any required escrow fees, and, if the Developer required the Purchaser to secure a financing commitment, reimburse any fees the Purchaser incurred to secure that financing commitment." (§514A-64.5, HRS)

The developer is not required to submit but has for this registration submitted the following documents and information:

## TABLE OF CONTENTS

	Page
Preparation of this Report	1
Expiration Date of Reports	1
Type of Report	1
Disclosure Abstract	2
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Operation of the Condominium Project	4
I. PERSONS CONNECTED WITH THE PROJECT	5
Developer	
Attorney for Developer	
General Contractor	
Real Estate Broker	
Escrow Company	
Condominium Managing Agent	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	6
B. Condominium Map (File Plan)	6
C. Bylaws	6
D. House Rules	7
E. Changes to Condominium Documents	7
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	8
B. Underlying Land	9
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	13
E. Encumbrances Against Title	14
F. Construction Warranties	15
G. Status of Construction	16
H. Project Phases	16
IV. CONDOMINIUM MANAGEMENT	
A. Management of the Common Elements	17
B. Estimate of Initial Maintenance Fees	17
C. Utility Charges for Apartments	17
V. MISCELLANEOUS	
A. Sales Documents Filed with the Real Estate Commission	18
B. Buyer's Right to Cancel Sales Contract	18
C. Additional Information Not Covered Above	20
D. Signature of Developer	21
EXHIBIT A: Description of Buildings	
EXHIBIT B: Common Elements	
EXHIBIT C: Limited Common Elements	
EXHIBIT D: Common Interests	
EXHIBIT E: Encumbrances Against Title	
EXHIBIT F: Buildings and Common Elements Warranty	
EXHIBIT G: Estimate of Initial Maintenance Fees and Estate of Maintenance Fee Disbursements	
EXHIBIT H: Summary of Sales Contract	
EXHIBIT I: Summary of Escrow Agreement	
EXHIBIT J: Owner-Occupant Affidavit	

## **General Information On Condominiums**

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

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's 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 may be disposed of by will, gift, or operation of law.

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

## **Operation of the Condominium Project**

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

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Schuler Homes, Inc. Phone: (808) 521-5661  
Name\* (Business)  
828 Fort Street Mall, 4th Floor  
Business Address  
Honolulu, Hawaii 96813

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

James K. Schuler, President-CEO; Michael T. Jones, Executive Vice President; Pamela S. Jones, Senior Vice President-Chief Financial Officer-Secretary-Treasurer; Harvey L. Goth, Senior Vice President; Douglas M. Tonokawa, Vice President; Peter M. Aiello, Vice President; Mary K. Flood, Vice President; Frank S. Payne, Vice President; Larry Tucker, Second Assistant Secretary

Real Estate Broker\*: Schuler Realty/Oahu, Inc Phone: (808) 523-2359  
Name (Business)  
828 Fort Street Mall, 4th Floor  
Business Address  
Honolulu, Hawaii 96813

Escrow Security Title Corporation Phone: (808) 535-6000  
Name (Business)  
1164 Bishop Street, Suite 1600  
Business Address  
Honolulu, Hawaii 96813

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

Condominium Managing Agent\*: Hawaiiana Management Company, Ltd. Phone: (808) 593-9100  
Name (Business)  
711 Kapiolani Boulevard, Suite 700  
Business Address  
Honolulu, Hawaii 96813

Attorney for Developer: Dennis M. Lombardi, Esq. Phone: (808) 547-5400  
Name (Business)  
737 Bishop Street, Suite 2600  
Business Address  
Honolulu, Hawaii 96813

\* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**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  
 Recorded - Bureau of Conveyances: Document No. 2001-060114  
Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed - Land Court: Document No. \_\_\_\_\_

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

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

The Condominium Map for this condominium project is:

Proposed  
 Recorded - Bureau of Conveyances Condo Map No. 3249  
 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]:

First Amendment to Condominium Map for Kai Nui Court (Condominium Map No. 3249), recorded as Document No. 2001-076390.

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  
 Recorded - Bureau of Conveyances: Document No. 2001-060115  
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  Adopted  Developer does not plan to adopt House Rules

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>Majority vote of Board of Directors</u>

\* 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.

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

- A. The Project consists of eleven (11) residential Residences. The Private Yard Areas associated with each Residence are not subdivided lots but rather exclusive limited common elements.
- 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 Residences 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 Residence or substantially change the design, location or size of a Residence.
- D. Until all of the Residences 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 Residence which has not been sold; and (ii) reflect minor changes in any Residence or in the common elements which do not affect the physical location, design or size of any Residence which has been sold.
- E. The Developer reserves the right to alter the product mix within this Community.
- F. There shall be no docking of vessels of any kind within the canal bordering the Community.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.
- Leasehold or Sub-leasehold: 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 there negotiated 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 Sub-leaseholds:

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 Sub-leasehold:

**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 provision(s).

Lease Term Expires: \_\_\_\_\_ Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:     Monthly                       Quarterly  
                                  Semi-Annually                       Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per:  Month  Year

Other:

**IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS**

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

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

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

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

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

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

**B. Underlying Land:**

Address: Ainahou Street Tax Map Key (TMK): (1) 3-9-008-029  
Honolulu, Hawaii 96825

Address  TMK is expected to change because \_\_\_\_\_

Land Area: 58,595  square feet  acre(s) Zoning: R-5

Fee Owner: Schuler Homes, Inc.  
 Name  
828 Fort Street Mall 4th Floor  
 Address  
Honolulu, Hawaii 96813

Lessor: N/A  
 Name  
 \_\_\_\_\_  
 Address  
 \_\_\_\_\_

**C. Buildings and Other Improvements:**

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

2. Number of Buildings: 11 Floors Per Building: 2

Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:

Concrete  Hollow Tile  Wood

Other Wood frames, metal, glass and other building materials

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input checked="" type="checkbox"/> Residential	<u>11</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

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:

- Pets: Reasonable number of common household pets, such as small dogs, cats, aquarium fish and bird. No livestock or poultry and no animals classified as "pests" or prohibited from importation under state statutes.
- 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 laws or ordinance.
- Other: Residences 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: 0 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)	Entry Area (sf)
S-2	1	4/ 2½	1,635	26	84
S-3	1	4/ 3	1,726		66
S-4	3	4/ 3	1,976		42
S-9	1	5/ 2½	2,533		85
3	1	3/ 2½	1,411		66
4	4	4/ 2½	1,575		16

Total Number of Apartments: 11

\* 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 Residence includes all walls, columns and partitions (both load bearing and not load bearing) which are within the Residence's perimeter walls including without limitation the Residence's perimeter walls, which are therefore included in the Residence square footage, the Residence's foundation, all floors, ceilings, doors, windows, sliding glass doors, screen doors, door frames and window frames, the air space within the Residence, 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 Residence, and all pipes, plumbing (including water heaters), wires, conduits and other utility or service lines and facilities servicing only the Residence. The Residences shall also include all load-bearing columns, girders, beams, building components and other elements included within each Residence. The Residence shall not include any pipes, shafts, wires, conduits or other utility or service lines running through a Residence which are utilized for or serve more than one Residence, all of which are deemed common elements as provided in the Declaration.

Note regarding Net Living Areas: Throughout the Kai Nui Court documentation, the area of individual Residences is generally expressed as "net living area" square footage. This measurement represents the architect's best estimate of the interior square footage of the Residence as measured from the Residence's perimeter walls which are included in the Residence. This measurement is based upon the plans for the construction of the Residence and different architects performing the same measurement may obtain a larger or smaller result.

Permitted Alterations to Apartments: Alterations or additions solely within a Residence or within a limited common element appurtenant to and for the exclusive use of a Residence shall require the written approval of the Department of Planning and Permits, the Board of Directors and all Residence 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, and must comply with the Design Guidelines of Sections M and S of the Kai Nui Court Declaration.

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of residential apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 35

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		TOTAL
	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	<u>Covered</u>	<u>Open</u>	
Assigned (for each unit)	<u>2</u>	<u>8**</u>	_____	_____	_____	_____	<u>30</u>
Guest	<u>2</u>	_____	_____	_____	_____	_____	<u>2</u>
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	<u>3</u>	_____	_____	_____	_____	_____	<u>3</u>
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open:	<u>35</u>	_____	<u>0</u>	_____	<u>0</u>	_____	<u>35</u>

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.

\*\*Each Residence includes a two-car enclosed garage. Residence Nos. 3, 7, 8 and 11 have in addition one (1) driveway parking stall.  
Residence Nos. 9 and 10 have in addition two (2) driveway parking stalls.

Private Parking Stall Nos. 1, 2 and 3 shall be assigned to specific Residences by amendment to the Declaration. Private Parking Stall Nos. 1, 2 and 3 are available for purchase on a first come, first serve basis by Residence home buyers.

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool       Storage Area       Recreation Area

Laundry Area       Tennis Court       Trash Chute/Enclosure(s)

Other: \_\_\_\_\_

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

There are no violations.       Violations will not be cured.

Violations and cost to cure are listed below:       Violations will be cured by \_\_\_\_\_  
(Date)

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):

N/A

11. Conformance to Present Zoning Code

a.  No variances to zoning code have been granted.

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

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

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

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

If a variance has been granted or if 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:

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.

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

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 project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit D.

as follows:

The rights reserved to the Developer to alter the Residences in the Community (see Items 1 and 2), may result in alteration of the common interest and attendant voting rights of a homeowner. See Section F.2 of the Declaration that provides:

The common interest and easements appurtenant to each Home shall have a permanent character and shall not be altered except as noted in Section F2 of the Declaration. The common interest, voting rights and easements appurtenant to each Home may be altered (diminished or increased) by a Recorded amendment to this Declaration: (a) as may be determined necessary by Developer, without the consent of any party, to correct typographical or mathematical errors in the statement of such common interests, (b) filed by Developer, without the joinder of any party, upon the alteration of the Community as permitted pursuant to Section M.3 as set forth in subpart H, and/or (c) upon the action or consent of all Owners of Homes affected thereby, and the consent of the holders of any mortgage affecting such Homes as shown in the Association's records of ownership, or who have given the Board notice of their interest. The common interest and appurtenant easements shall not be separated from the Home to which they appertain and shall be deemed to be conveyed or encumbered with that Home even though such interest or easements are not expressly mentioned in the conveyance or other instrument. The common elements shall remain undivided and the right to partition or divide any part of the common elements shall not exist except as provided in the Act. Section M.3 allows the Developer prior to the sale of all Homes the filing of an "as built" certificate to (a) make alterations in the Community 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 which right includes the ability to change the overall "product mix" (e.g., change the model home type to be placed in a Private Yard Area); and (b) make other alterations in the Community 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.

- 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 March 30, 2001 and issued by Old Republic National Title Insurance Company.

**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.

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
None	None

**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 Residence or in the common elements. If there are no 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 Residence owner the benefit of such warranties.

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

Construction shall commence in August 2001 and should be completed by approximately February 2002.

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):

Alteration 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 the 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 Residence (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 the Declaration and the Condominium Map accordingly) which make minor changes in any Residence in the community or in the common elements which do not affect the physical location, design or size of any Residence which has been sold and the conveyance thereof recorded.



## 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:

- Notice to Owner Occupants
- Specimen Sales Contract  
Exhibit   H   contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated April 24, 2001  
Exhibit   I   contains a summary of the pertinent provisions of the escrow agreement.
- Other Exhibit "J" is a Residence Selection Form; Notice of Chronological Reservation System and Receipt of Owner-Occupied 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 buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

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

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

- A) The Developer delivers to the buyer a copy of:
  - 1) Either the Contingent Final Public Report **OR** the Supplementary Public Report which has superseded the Contingent 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.

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

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

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

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

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

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

- A) Condominium Public Reports issued by the developer which have been issued 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: Declaration of Covenants, Conditions and Restrictions for Kai Nui dated March 2, 2001, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2001-029158.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. O. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 4619 filed with the Real Estate Commission on April 26, 2001.

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

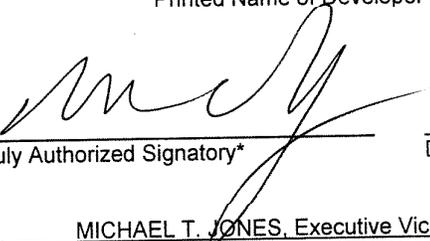
YELLOW paper stock       WHITE paper stock       PINK paper stock       GREEN paper stock

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 Kai Nui 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 Declaration of Covenants, Conditions and Restrictions for Kai Nui dated March 2, 2001, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2001-029158.
2. All prospective purchasers should also be aware that the Project is not a subdivided lot. The Community has private yard areas.
3. All prospective purchasers should also be aware that the Community Common Areas shall also include: (1) Lot 28, as shown on File Plan No. 2287 (the "Access and Landscape Buffer Lot"), a portion of which designated as Easement 1 as shown on File Plan No. 2287, serves as a public access way between Ainahou Street and Keahole Street and a portion of which also serves as a landscape area between Keahole Street and the balance of the Kai Nui Community; (2) a nonexclusive easement over the landscape easement area affecting Lots 1 and 3 along Hawaii Kai Drive, designated as Easement LS-1 on the Condominium Map (the "Landscape Easement Area") (as and when granted), to the extent granted to the Association of Home Owners of Kai Nui Court by the Developer; (3) the improvements located within the Access and Landscape Buffer Lot and the Landscape Easement Area, which shall include landscaping, a Community sign monument and walls (collectively, the "Common Area Improvements"); and (4) the painted surface of the street facing portion of the walls or fencing along, abutting or within such Access and Landscape Buffer Lot and Landscape Easement Area, bordering the adjacent lots to the surface of the wall or fence only (the "Abutting Walls").

- 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.  
Printed Name of Developer

By:  April 24, 2001  
Duly Authorized Signatory\* Date

MICHAEL T. JONES, Executive Vice President  
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

***\*Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership(LLP) by the general partner; Limited Liability Company(LLC) by the manager or member; and for an individual by the individual.***

## EXHIBIT "A"

### DESCRIPTION OF BUILDING(S)

The Community shall contain eleven (11) single-family detached Residences (one of which shall contain three bedrooms, nine of which shall each contain four bedrooms and one of which shall contain five bedrooms). None of the Residences have a basement. The Residences 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 S-2, S-3, S-4, S-9, Plan 3 and Plan 4. 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 S-2

Model Type S-2 is a two-story Residence containing four bedrooms, two and one-half bathrooms, living/dining area, kitchen/nook, laundry area, storage area, lanai, covered entry lanai, attached two-car garage and other improvements as shown on the Condominium Map. Each Model Type S-2 contains a net living area of approximately 1,635 square feet, entry lanai area of approximately 84 square feet, rear covered lanai of approximately 26 square feet, and two-car garage area of approximately 417 square feet. There is one Model Type S-2 Residence in the Community.

#### Model Type S-3

Model Type S-3 is a two-story Residence containing four bedrooms, three bathrooms, living/dining area, kitchen, family room, laundry area, storage area, covered entry lanai, attached two-car garage and other improvements as shown on the Condominium Map. Each Model Type S-3 contains a net living area of approximately 1,726 square feet, entry lanai area of approximately 66 square feet, and two-car garage area of approximately 457 square feet. There is one Model Type S-3 Residence in the Community.

#### Model Type S-4

Model Type S-4 is a two-story Residence containing four bedrooms, three bathrooms, living/dining room, kitchen/family area, study/media area, laundry area, storage area, covered entry lanai, attached two-car garage and other improvements as shown on the Condominium Map. Each Model Type S-4 contains a net living area of approximately 1,976 square feet, entry lanai area of approximately 42 square feet, and two-car garage area of approximately 401 square feet. There are three Model Type S-4 Residences in the Community.

#### Model Type S-9

Model Type S-9 is a two-story Residence containing five bedrooms, two and one-half bathrooms, living/dining area, family room, kitchen/breakfast nook, study area, laundry area, storage area, covered entry lanai, attached two-car garage and other improvements as shown on the Condominium Map. Each Model Type S-9 contains a net living area of approximately 2,533 square feet, entry lanai area of approximately 85 square feet, and two-car garage area of approximately 412 square feet. There is one Model Type S-9 Residence in the Community.

#### Model Type Plan 3

Model Type Plan 3 is a two-story Residence containing three bedrooms, two bathrooms, powder room, great room, kitchen, laundry area, storage area, entry lanai, attached two-car garage and other improvements as shown on the Condominium Map. Each Model Type 3 contains a net living area of approximately 1,411 square feet, entry lanai area of approximately 66 square feet, and two-car garage area of approximately 378 square feet. There is one Model Type Plan 3 Residence in the Community.

Model Type Plan 4

Model Type Plan 4 is a two-story Residence containing four bedrooms, two bathrooms, powder room, great room, dining area, kitchen, laundry area, lanai, entry, attached two-car garage and other improvements as shown on the Condominium Map. Each Model Type Plan 4 contains a net living area of approximately 1,575 square feet, entry lanai area of approximately 16 square feet, and two-car garage area of approximately 381 square feet. There are four Model Type Plan 4 Residences in the Community.

A separate street address will be assigned to each Residence.

**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, including the Access and Landscape Buffer Lot and Landscape Easement Area, subject to the limitations described in Section D.4(b) of the Declaration and Section 3.3 of the Master Declaration, in fee simple, described in Exhibit "A" and Exhibit "A-1" attached to the Declaration of Condominium Property Regime and those improvements to the Land, excluding the Residences and Private Yard Areas, but including without limitation the Common Access Road, the gated Community entrance, exterior lighting fixtures located along and/or adjacent to the Community Access Road, the common area landscaping and similar improvements.
2. All drainage facilities or swales, pipes, shafts, wires, conduits or other utilities or service lines running through a Residence, or Private Yard Area which are utilized for or serve more than one Residence, or Private Yard Area or other feature of the Community.
3. All sidewalks, pathways, curbs, and parking areas as labeled on the Condominium Map.
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 Residence or 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 Residence, 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, including the entry gate and associated facilities.
8. The Community Common Facilities, including without limitation the Access and Landscape Buffer Lot and Landscape Easement Area, subject to the limitations described in Section D.4(b) of the Declaration and Section 3.3 of the Master Declaration.
9. All other parts of the Community not included in the definition of a Residence or Private Yard Area.

**END OF EXHIBIT "B"**

**EXHIBIT "C"**

**LIMITED COMMON ELEMENTS**

Each Residence shall have appurtenant to the Residence easements for the exclusive use of certain limited common elements as follows:

1. **Private Yard Area:**

The land area appurtenant to each Residence, 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 Residence, is a limited common element. Private Yard Areas are not legally subdivided lots. Private Yard Area includes the land beneath the Residence bearing the same number as the Private Yard Area, the fenced yard area to the rear and sides of the Residence as demarked by the fence location shown on the Condominium Map. A metes and bounds description of the Private Yard Areas will be recorded in connection with the Architect's "As Built" Certificate. The parking area (if any) directly fronting the garage of the Residence to the boundary of such area with the Community Access Road is also a limited common element appurtenant to the Residence served.

2. **Additional Parking Area:**

Certain Residences are provided a driveway or driveway/parking area directly fronting the garage of the Residence as shown on the Condominium Map. Parking in driveways servicing the garage area of a Residence is permitted only in the designated parking areas reflected on the Condominium Map. Private Parking Stall Nos. 1, 2 and 3 shall be assigned to specific Residences by amendment to the Declaration. Private Parking Stall Nos. 1, 2 and 3 are available for purchase on a first come, first serve basis by Residence home buyers. Upon purchase such private parking stall shall be designated as a limited common element to such Residence.

3. **Mailboxes & Designated Trash Container Location:**

Each Residences is provided a designated mailbox and designated trash container location for placement of trash container on trash pick-up days. The mailbox and trash container space is located adjacent to the driveway or driveway/parking area directly fronting the garage of the Residence to the boundary of the appurtenant Private Yard Area. The trash container space may be used only as permitted under the Declaration.

4. **Party Walls/Fences:**

The fences and walls or portion thereof that have been constructed on the common boundary between Private Yard Areas as shown on the Condominium Map, including those fences and walls defined as "Party Walls" in the Declaration, are limited common elements, benefiting the Owners of the Private Yard Areas served by such fence or wall. Walls and fences constructed on the boundary of a Private Yard Area and the common area are limited common elements benefiting the Residence to which the Private Yard Area is appurtenant.

5. **Boardwalk:**

The portion of the boardwalk running along the canal within the Private Yard Areas of each Residence adjacent to the canal as shown on the Condominium Map is a limited common element benefiting the individual Residence bearing the same unit number as the Private Yard Area in which the portion of the boardwalk is located.

**END OF EXHIBIT "C"**

EXHIBIT "D"

COMMON INTERESTS FOR ENTIRE COMMUNITY

Unit Plan	Residence/(Unit) Number	Undivided Common Interest of Each Unit
S-2	Residence 10	0.087032 (8.7032%)
S-3	Residence 1	0.089376 (8.9376%)
S-4	Residence 4, Residence 5, Residence 11	0.100650 (10.0650%)
S-9	Residence 3	0.130573 (13.0573%)
3	Residence 8	0.073665 (7.3665%)
4	Residence 2, Residence 6, Residence 7, Residence 9	0.079351 (7.9351%)

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. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions as contained in Unilateral Agreement and Declaration for Conditional Zoning dated August 13, 1999, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 99-146387. To which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
4. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions as contained in Declaration of Restrictive Covenants dated July 24, 2000, recorded as Document No. 2000-102920. To which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
5. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions as contained in Limited Warranty Deed dated June 28, 2000, recorded as Document No. 2000-092258. To which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c)
6. AS TO LOT 27:  
No vehicular access permitted onto Keahole Street as shown on File Plan No. 2287.
7. AS TO LOT 28:  
Easement 1, for public pedestrian access purposes, as shown on File Plan No. 2287.
8. The terms and provisions, including the failure to comply with any covenants, conditions, restrictions, reservations or obligations of that certain Indemnity Agreement dated February 12, 2001, made by and between Schuler Homes, Inc., a Delaware corporation "Indemnifier", and Hawaiian Electric Company, Inc., a Hawaii corporation, recorded as Document No. 2001-022788.
9. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions as contained in Declaration of Covenants, Conditions and Restrictions for Kai Nui dated March 2, 2001, recorded as Document No. 2001-029158. To which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).

**END OF EXHIBIT "E"**

**EXHIBIT "F"**

**BUILDINGS AND COMMON ELEMENTS WARRANTY**

[Form Attached]

# WARRANTY OF COMPLETION OF CONSTRUCTION

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



OMB Approval No. 2502-0059

Lender's Name & Address:

FHA/V.A. Case Number:

Lender's Phone No.:

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 Purchaser(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:

Builder's Name, Address & Phone No.:

X

Purchaser(s)' acknowledgment: Signature(s) of Purchaser(s) & Dates:

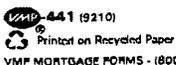
X

X

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)  
Previous editions are obsolete.  
Combines previous HUD-92544-A.



V.A. form 26-1859  
form HUD-92544 (8/92)  
ref. Handbook 4145.1

VMP MORTGAGE FORMS - (800)921-7291



Public reporting burden for this collection of information is estimated to average 0.05 hour per response, including 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.

# WARRANTY OF COMPLETION OF CONSTRUCTION

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



OMB Approval No. 2502-0059

Lender's Name & Address:		FHA/V.A. Case Number:
		Lender's Phone No.:
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 Purchaser(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.:

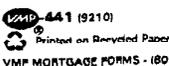
This warranty shall be in addition to, and not in derogation of, all other rights and privileges which such Purchaser(s)/Owner(s) or his/her (their) successors or transferees may have under any other law or instrument, and shall survive the conveyance of title, delivery of possession of the property, 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:	Builder's Name, Address & Phone No.:
X _____	_____
	_____
	_____

Purchaser(s)' acknowledgment: Signature(s) of Purchaser(s) & Dates:	
X _____	X _____
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)  
Previous editions are obsolete.  
Combines previous HUD-92544-A.



V.A. form 26-1859  
form HUD-92544 (8/92)  
ref. Handbook 4145.1



Public reporting burden for this collection of information is estimated to average 0.05 hour per response, including 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**  
**AND**  
**ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

<b>Estimate of Initial Maintenance Fee</b>	<b>Monthly Fee</b>	<b>Yearly Total</b>		
<b>Apartment</b>				
Residence 1	\$343.29	\$4,119.52		
Residence 2	\$304.79	\$3,657.45		
Residence 3	\$501.53	\$6,018.37		
Residence 4	\$386.60	\$4,639.16		
Residence 5	\$386.60	\$4,639.16		
Residence 6	\$304.79	\$3,657.45		
Residence 7	\$304.79	\$3,657.45		
Residence 8	\$282.95	\$3,395.37		
Residence 9	\$304.79	\$3,657.45		
Residence 10	\$334.29	\$4,011.48		
Residence 11	\$386.60	\$4,639.16		
<b>TOTALS</b>	<b>\$3,841.01</b>	<b>\$45,822.00</b>		

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

In addition to the above fees, each owner will be responsible for paying as a component of common expenses for the project, premiums for property insurance on such owner's residence. The Declaration of Condominium Property Regime of Kai Nui Court and the Bylaws of the association of Apartment owners of Kai Nui Court set forth additional provisions regarding insurance to be maintained by owners. Flood insurance for residences, if desired, is to be obtained by each owner at such owner's discretion.

**Estimate of Maintenance Fee Disbursements  
Kai Nui Court  
(11 units)**

	Monthly Fee	Yearly Total
<b>Utilities and Services</b>		
Electricity		
<input checked="" type="checkbox"/> common elements only	\$50.00	\$600.00
<input type="checkbox"/> common elements and apartments		
Refuse Collection	\$300.00	\$3,600.00
Telephone (Enterphone)	\$60.00	\$720.00
Water and Sewer	\$925.00	\$11,100.00
<b>Maintenance, Repairs and Supplies</b>		
Building	\$200.00	\$2,400.00
Grounds (shared)	\$232.00	\$2,784.00
(condo)	\$916.00	\$10,992.00
<b>Management</b>		
Management Fee	\$521.00	\$6,252.00
Office Expenses	\$110.00	\$1,320.00
<b>Insurance</b>		
Liability	\$125.00	\$1,500.00
Director & Officer	\$30.00	\$360.00
Bond	\$20.00	\$240.00
<b>Reserves</b>	\$200.00	\$2,400.00
<b>Audit Fees</b>	\$42.00	\$504.00
<b>Equipment, Legal. &amp; Condo Registration Fee</b>	\$110.00	\$1,320.00
<b>TOTAL</b>	<b>\$3,841.00</b>	<b>\$46,092.00</b>

I, Phyllis Kacher, as agent for/and/or employed by Hawaiiana Management Company, the condominium managing agent/developer for the Kai Nui Court 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.

Phyllis Kacher  
Signature

4-26-01  
Date

Pursuant to 514A-83.6, Hawaii Revised Statutes, a new association created after January 1, 1993 need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting. The Developer has not conducted a reserve study for the Project. The budget amount for Reserves is an estimate only.

**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 Residence 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 residence.
- (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 residence, income or profit from a residence, or any other economic benefit to be derived from the purchase of a residence.
- (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 residence.
- (g) That the residence 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 "F" to this Public Report, the Developer makes no warranties regarding the residence, the Project or anything installed or contained in the residence 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 residence 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"**

**KAI NUI COURT  
RESIDENCE SELECTION FORM AND  
NOTICE OF CHRONOLOGICAL RESERVATION SYSTEM  
AND RECEIPT OF OWNER-OCCUPANT AFFIDAVIT FORM  
Residence Selection Form**

Residence 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: \_\_\_\_\_

This Residence 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 residence 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 residence selected.

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

By: \_\_\_\_\_ Identification of Deposit: [ ] Cash  
(Agent for Developer/Real Estate Broker) [ ] Check

Check No. \_\_\_\_\_

**KAI NUI COURT  
Notice and Receipt**

This is a Notice given by SCHULER HOMES, INC., (the "Developer") in regard to a proposed fee simple detached single family residence community to be known as "KAI NUI COURT" (the "Community"), which the Developer has made preliminary plans to develop at Maunaloa, City and County of Honolulu, Hawaii, TMK No. (Oahu) 3-9-008-029. The purpose of this Notice is to inform prospective purchasers of fee simple detached single family residences 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 residences, 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 Residence" (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/Star Bulletin on \_\_\_\_\_.
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 residences in the Community which have been designated as "fee simple detached single family residences" for sale to prospective owner-occupants: ("designated residences") 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 \$5,000.** 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 residence **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 residence, 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 residence, 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 residence 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

\_\_\_\_\_  
Print Name

Signed in my presence:

\_\_\_\_\_  
Agent for Developer/Broker

**KAI NUI COURT  
AFFIDAVIT OF INTENT TO PURCHASE AND RESIDE IN AN OWNER-OCCUPANT  
DESIGNATED FEE SIMPLE DETACHED SINGLE FAMILY RESIDENCE**

We, the undersigned "owner-occupants", on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, do hereby declare that it is our intention to purchase and reside in a designated fee simple detached single family residence designated for an "owner-occupant" in KAI NUI COURT detached single family residence ("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 residence ("designated residence") pursuant to section 514A-103 of the Owner-Occupant Law, and upon closing escrow, to reside in the designated residence 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 residence 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 residence 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 residence, 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 residence, 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 residence to us), we shall notify the Real Estate Commission immediately upon any decision to cease being an owner-occupant of the designated residence.

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 residence.

7. We have personally executed this Affidavit and we are all of the prospective owner-occupants for the designated residence. 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 residence. 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 residence until at least 365 consecutive days have elapsed since the recordation of the instrument conveying title to the designated residence 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





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

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable, in the capacities shown, having been duly authorized to execute such instrument in such capacities.

\_\_\_\_\_  
Type or print name: \_\_\_\_\_  
Notary Public, State of Hawaii.  
My commission expires: \_\_\_\_\_

**END OF EXHIBIT "J"**