

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer W.H.H., LLC
Address 1314 S. King Street, Suite 753, Honolulu, HI 96814

Project Name (*): WAIALUA OCEAN VILLAS
Address: 68-008 Apuhihi Street, Waialua, HI 96791

Registration No. 4934 Effective date: October 1, 2002
Expiration date: November 1, 2003

Preparation of this Report:

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

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

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

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

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

Type of Report:

PRELIMINARY: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

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

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

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

(*) Exactly as named in the Declaration
This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report as Exhibit "H" 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 is a **CONDOMINIUM PROJECT**, not a subdivision. It does not involve the sale of individual subdivided lots. The land area beneath and immediately appurtenant to each unit is designated a **LIMITED COMMON ELEMENT** and not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

1. This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency, nor does it ensure that all applicable County codes, ordinances, and subdivision requirements have been complied with.

2. Facilities and improvements normally associated with County approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owner and emergency traffic, drainage facilities, etc. may not necessarily be provided for, and services such as County street maintenance and trash collection will not be available for interior roads and driveways.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

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

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment 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: W.H.H., LLC Phone: (808) 593-1803
Name* 1314 S. King Street, Suite 753
(Business)
Business Address
Honolulu, HI 96814

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):

Leo J. Noecker, Member
Patti Ann Hokama, Member

Real Estate Broker*: Real Estate Update, Inc. Phone: (808) 593-1803
Name 1314 S. King Street, Suite 753
(Business)
Business Address
Honolulu, HI 96814

Escrow: Fidelity National Title & Escrow Phone: (808) 485-0505
Name 98-211 Pali Momi Street, #312
(Business)
Business Address
Aiea, HI 96701

General Contractor*: David Cramer (BC 21652) Phone: (808) 247-0733
Name 45-537F Pahia Road
(Business)
Kaneohe, HI 96744
Business Address

Condominium Managing Agent*: Self-Managed by the Association Phone: _____
of Apartment Owners (Business)
Name _____
Business Address _____

Attorney for Developer: Pitluck Kido Sato & Stone, LLP Phone: (808) 523-5030
Name 701 Bishop Street
(Business)
Business Address
Honolulu, HI 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:

<input type="checkbox"/>	Proposed			Document No. <u>2002-103417</u>
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:		Book _____ Page _____
<input type="checkbox"/>	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:

<input type="checkbox"/>	Proposed			
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances Condo Map No. <u>3453</u>		
<input type="checkbox"/>	Filed -	Land Court Condo Map No. _____		

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

<input type="checkbox"/>	Proposed			Document No. <u>2002-103418</u>
<input checked="" type="checkbox"/>	Recorded -	Bureau of Conveyances:		Book _____ Page _____
<input type="checkbox"/>	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>—</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:

See Exhibit "A"

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: 68-008 Apuhihi Street Tax Map Key (TMK): 1st-6-8-011-062
Waialua, HI 96791

Address TMK is expected to change because _____

Land Area: 11,086 square feet acre(s) Zoning: A-1

Fee Owner: W.H.H., LLC
 Name
1314 S. King Street, Suite 753
 Address
Honolulu, HI 96814

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: 4 Floors Per Building: 1

Exhibit _____ contains further explanations.

3. **Principal Construction Material:**

Concrete Hollow Tile Wood

Other allied products

4. **Uses Permitted by Zoning:**

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>
<input checked="" type="checkbox"/> Residential	_____	<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 checked="" type="checkbox"/> Other - shed	<u>4</u>	<input checked="" 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: see Section 10.7 of the By Laws

Number of Occupants: _____

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Net Other Area (sf)</u>	<u>(Identify)</u>
<u>A</u>	<u>1</u>	_____	_____	<u>25</u>	<u>Shed</u>
<u>B</u>	<u>1</u>	_____	_____	<u>25</u>	<u>Shed</u>
<u>C</u>	<u>1</u>	_____	_____	<u>25</u>	<u>Shed</u>
<u>D</u>	<u>1</u>	_____	_____	<u>25</u>	<u>Shed</u>

Total Number of Apartments: 4

* 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:

The outside surfaces of the exterior walls and roof and the bottom surfaces of the footings and foundations of each Unit.

Permitted Alterations to Apartments:

See attached Exhibit "B"

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: 0

	<u>Regular Covered Open</u>	<u>Compact Covered Open</u>	<u>Tandem Covered Open</u>	TOTAL
Assigned (for each unit)	-----	-----	-----	-----
Guest	-----	-----	-----	-----
Unassigned	-----	-----	-----	-----
Extra for Purchase	-----	-----	-----	-----
Other: _____	-----	-----	-----	-----
Total Covered & Open:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</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.

- 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>	_____	_____
Structures	<u> X </u>	_____	_____
Lot	<u> X </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 C .

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 D.

as follows:

Note: Reference to said Exhibit "D" to "Dwelling Areas" does not mean legally subdivided lots.

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 _____.

as follows:

Unit A	-	25%
Unit B	-	25%
Unit C	-	25%
Unit D	-	25%

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 July 19, 2002 and issued by Fidelity National Title & Escrow

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Mortgages	Buyer's interest may be terminated by mortgagee but Buyer shall be entitled to return of Buyer's deposit, less escrow cancellation fee.

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:

Developer is not making any warranty on the materials and workmanship of the units.

2. Appliances:

Purchaser shall have the direct benefit of any manufacturer's or dealer's warranties covering the furnishings and appliances in the units.

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

Unit A, Unit B, Unit C, and Unit D sheds were constructed in May 2002.

H. Project Phases:

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

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

V. MISCELLANEOUS

A. **Sales Documents Filed With the Real Estate Commission:**

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

- [X] Notice to Owner Occupants
- [X] Specimen Sales Contract
Exhibit F contains a summary of the pertinent provisions of the sales contract.
- [X] Escrow Agreement dated April 12, 2002
Exhibit G contains a summary of the pertinent provisions of the escrow agreement.
- [X] Other Exhibit J is a copy of the Affidavit of intent to Purchase and Reside in an Owner-Occupant Designated Condominium Residential Unit, to be signed by "Owner-Occupant" purchasers

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.

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 _____

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. 4934 filed with the Real Estate Commission on September 17, 2002.

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C. Additional Information Not Covered Above

- 1) Pursuant to sections 16-99-3 (g) and 16-99-11 (d), Hawaii Administrative Rules ("HAR"), prospective purchasers are hereby advised that the project broker is a member of the Developer's LLC. Pursuant to section 16-99-11 (c), HAR, "no licensee shall be allowed to advertise "For Sale by Owner," "For Rent by Owner," "For Lease by Owner," "For Exchange by Owner."
- 2) See Exhibit "H" Disclosure Abstract
- 3) Subject Property is located in the Special Management Area (SMA) and any new construction may be subject to notice and obtaining of a major permit.

- D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-] (The developer is required to make this declaration for issuance of an effective date for a final public report.)
- E. 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.

W.H.H., LLC

Printed Name of Developer

By: Leo J. Noecker September 16, 2002
 Duly Authorized Signatory* Date

Leo J. Noecker, Member

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"

DEVELOPER'S RESERVED RIGHTS

The Developer (Declarant) has reserved the following rights to change the Declaration, Condominium Map, By-Laws or House Rules:

Paragraph 3 of the Declaration states:

It is Declarant's intention and the right is reserved to construct a single-family residence upon the sale of each Unit. If and when a shed is replaced, it is expected to be replaced by a single-family residence in accordance with Paragraph 19.1 of this Declaration.

Paragraph 20 of the Declaration states:

"Except as otherwise provided herein, this Declaration may be amended by vote of seventy-five percent (75%) of the Unit Owners, effective only upon the recording of an instrument setting forth such amendment and vote duly executed by such Owners or by the proper officers of the Association.

In addition, the approval of eligible holders of first mortgages on Units to which are appurtenant at least fifty-one percent (51%) of the common interest of the project shall be required for any material amendment to the Declaration or any amendment of a provision for the express benefit of holders or insurers of first mortgages of Units. An eligible holder is a holder of a first mortgage on a Unit which has a written request to the Association that it receive notices of proposed changes to the Declaration. A material amendment to the Declaration is one which establishes, provides for, governs or regulates any of the following: (1) voting; (2) assessments, assessment liens, or subordination of such liens; (3) reserves for maintenance, repair and replacement of the common elements; (4) insurance or fidelity bonds; (5) rights to use of the common elements; (6) responsibility for maintenance and repair of the project; (7) expansion or contraction of the project for the addition, annexation or withdrawal of property to or from the project; (8) boundaries of any Unit; (9) the interest in the common elements; (10) convertibility of Units into common elements or of common elements into Units; (11) leasing of Units; (12) imposition of any right or first refusal or similar restriction on the right of a Unit Owner to sell, transfer or otherwise convey his or her interest in the Unit; or (13) establishment of self management by the Association after professional management has previously been required by any of the mortgage holders.

Notwithstanding the foregoing, however, if (1) at any time prior to the first filing in the Recording Office of a conveyance of a Unit, the Declarant may amend this Declaration (including all exhibits) and the By-Laws in any manner, without the consent of any Unit purchaser; and (2) at any time thereafter, the Declarant may amend this Declaration (and when applicable, the Condominium Map) to file the "As Built" verified statement required by Section 514A-12 of the Act (1) so long as such statement is merely a verified statement of a registered architect or professional engineer certifying that the final plan thereto filed fully and accurately depicts layout, location, unit numbers, and the dimensions of an improvement or change in a Unit as built; or (2) so long as the plans filed therewith involve only immaterial changes to the layout, location, or dimensions of the units as built or any change in any unit number.

Notwithstanding the foregoing, a Unit Owner shall have the right without the consent or joinder of any other person to amend this Declaration and the Condominium Map to reflect the changes made to Owner's Unit in accordance with Paragraph 19.1 of this Declaration. Promptly upon completion of such changes, the Unit Owner shall duly record with the Recording Office an amendment to this Declaration and to the Condominium Map, together with a complete set of the floor plans of the Project as so altered, certified by a registered architect or professional engineer. All existing Unit Owners and all future Unit Owners and Unit Owners' mortgagees, by accepting an interest in a Unit, shall be deemed to have given each Unit Owner a Power of Attorney to execute an amendment to the Declaration solely for the purpose of describing the changes to Owner's respective Unit on the Declaration so that each Unit Owner shall hereafter have a Power of Attorney from all the other Unit Owners to execute such amendment to the Declaration. This Power of Attorney shall be deemed coupled with each Owner's interest in Owner's Unit (including Unit Owner's common interest) and shall be irrevocable."

EXHIBIT "B"

PERMITTED ALTERATIONS TO UNITS.

1. Sub-paragraph 19.1 of the Declaration states:

"Changes to Units. Notwithstanding anything to the contrary contained in this Declaration, each Unit Owner shall have the right at Unit Owner's sole option at any time and from time to time without the consent of anyone other than the holder of all liens affecting Unit Owner's unit (if any such lien required such consent by the holder,) to improved, renovate, remodel, make additions to, enlarge, remove, replace or restore the improvements to or in Unit Owner's Unit or portions thereof or to make improvements upon the Dwelling Area appurtenant to the Unit (collectively, the foregoing are referred to "changes") subject to the following conditions:

- (i) All building plans and all such changes shall conform with City and County building and zoning laws, LUO and other applicable City and County ordinances.
- (ii) Any change to a Unit (a) shall be made within the Dwelling Area which is appurtenant to such Unit; and (b) shall not materially interfere with the other Unit Owner's use or enjoyment of his Unit, the common elements or the limited common elements appurtenant to such other Unit.
- (iii) No change to a Unit will be made if the effect of such change would be to exceed the Unit's proportional share of the allowable floor area or Lot area coverage for the Land, or number of dwelling units, as defined by the zoning and building codes applicable to the Land in effect when the change is to be made. The proportionate share for each Unit shall be the same as its percentage of undivided interest in common elements.
- (iv) All such changes shall be at the expense of the Unit Owner making the change and shall be expeditiously made and in a manner that will not unreasonably interfere with the other Unit Owner's use of Unit Owner's Unit or the Dwelling Area appurtenant to such Unit.
- (v) During the entire course of such construction, the Unit Owner making such change will cause to be maintained at Unit Owner's expense builder's all-risk insurance in an amount not less than the estimated cost of construction. The Association shall be named as an additional insured and, upon the request of the Association, evidence of such insurance shall be deposited with the Association or its Managing Agent, if any.
- (vi) The Owner of the changed Unit shall have the right to utilize, relocate and realign existing and or to develop additional, central and appurtenant installations for services to the Unit affected by such change in electricity, sewer and other utilities and services and when applicable, to add, delete, relocate, realign, designate and grant easement and rights-of-way over, under and on the common elements as necessary or desirable in connection therewith; provided that the same shall not cause any interruption in the service of such utilities to any other part of the project;
- (vii) If the consent or joinder of another Owner is required by the Act, then each Owner hereby consents in advance to such change.
- (viii) Each and every conveyance, lease and mortgage or other lien made or created on any Unit and all common interest and other appurtenances thereto shall be subject to the provisions of this paragraph and any lease of a Dwelling Area shall reserve to all Owners the rights set forth in this paragraph.
- (ix) This Declaration is being imposed on the Land before completion of the contemplated construction on each Dwelling Area of a residence. Consequently, each Owner ("Non-Building Owner") shall cooperate with the other Owner ("Building Owner") with respect to the Building Owner's construction of such residence, obtaining building, utility and other governmental permits, and obtaining utility services into his Dwelling Area which may be necessary or desirable for the residence to be built by Building Owner. Notwithstanding the foregoing, the Non-building Owner shall not be required to incur any cost or expense hereunder without being reimbursed by the Building Owner. All cost incurred in the building of the residence (or making any change) shall be borne by the Building Owner, who shall indemnify and hold the Non-Building Owner harmless from any loss, liability, damage or expense incurred or suffered by the Non-Building Owner on account of such building or making such change by the Building Owner."

EXHIBIT "C"

COMMON ELEMENTS: Paragraph 4 of the Declaration designated certain portions of the project as "common elements," including specifically but not limited to:

One freehold estate is hereby also designate in all the remaining portions of the Project, herein called "common elements," including specifically but not limited to:

1. The Land is in fee simple;
2. All other portions of the Land and improvements not specifically heretofore designated as Units, but which are intended for common use and all other devices and installations existing for or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Property Regime.

EXHIBIT "D"

LIMITED COMMON ELEMENTS: Paragraph 5 of the Declaration designates:

Certain parts of the common elements, herein called the "Limited Common Elements," are hereby designated and set aside for the exclusive use of each Unit, and each Unit shall have appurtenant thereto exclusive easements for the use of all such limited common elements. Unless otherwise specified, all costs of every kind pertaining to each limited common element, including but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne by the Dwelling to which it is appurtenant. The limited common elements so set aside and reserved are as follows:

(a) The site on which Storage Unit A is located, consisting of the land beneath and immediately adjacent to Storage Unit A, as shown and delineated on the Condominium Map as "Dwelling Area A" (including the airspace above such site) is for the exclusive benefit of Storage Unit A.

(b) The site on which Storage Unit B is located, consisting of the land beneath and immediately adjacent to Storage Unit B, as shown and delineated on the Condominium Map as "Dwelling Area B" (including the airspace above such site) is for the exclusive benefit of Storage Unit B.

(c) The site on which Storage Unit C is located, consisting of the land beneath and immediately adjacent to Storage Unit C, as shown and delineated on the Condominium Map as "Dwelling Area C" (including the airspace above such site) is for the exclusive benefit of Storage Unit C.

(d) The site on which Storage Unit D is located, consisting of the land beneath and immediately adjacent to Storage Unit D, as shown and delineated on the Condominium Map as "Dwelling Area D" (including the airspace above such site) is for the exclusive benefit of Storage Unit D.

Note: The "Dwelling Areas" herein described are not legally subdivided lots.

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

1. For Real Property Taxes that may be due and owing, reference is made to the office of the Tax Assessor, City and County of Honolulu.
2. Title to all mineral and metallic mines reserved to the State of Hawaii.
3. Covenants, conditions and restrictions (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin as set forth in the following:

Deed

Dated: August 2, 1963
Recorded: in the Bureau of Conveyances of the State of Hawaii, Book 4568, Page 346.

4. Encroachments as disclosed by survey dated February 7, 1999, and map dated February 7, 1999, prepared by Melvin M. Masuda, Registered Professional Land Surveyor, No. 4723:
 - a) Along the southerly property line (between Lot 101 and Parcel 58), portion of a chain link fence crosses in Lot 101 from 0 to 5 inches, more or less. The chainlink fence is leaning towards Lot 101.
 - b) Along the southerly property line (between Lot 101 and Parcel 58), portion of a chainlink fence straddles said property line.
5. Mortgage dated February 25, 2002, recorded as Document No. 02036681, in favor of Lowell Manabe.
6. Declaration of Condominium Property Regime dated June 4, 2002, recorded in said bureau as Document No. 2002-103417 (Project covered by Condominium Map No. 3453). By-Laws dated June 4, 2002, filed as Document No. 2002-103418.

EXHIBIT "F"

SUMMARY OF THE PROVISIONS OF THE SALES CONTRACT (consisting of Standard DROA Form and attached "Special Provisions to the DROA")

HAR (Hawaii Association of REALTORS®) Standard DROA terms which basically include:

1. Description of the Property to be Conveyed:
2. Purchase Price and Terms.
3. Financing of Purchase.
4. Closing Costs.
5. Closing.
6. Seller's Rights to Cancel Sales Contract.

Special Provisions of Project Sale:

1. Rights of Buyer to Cancel the Sales Contract. The Buyer has the right to cancel the Sales Contract under the following conditions:
 - a. At any time within thirty (30) days following the date the Final Public Report is delivered to Buyer. If Buyer so cancels, Buyer will be entitled to receive refund of any deposits, less any escrow cancellation fees and other costs up to Two Hundred Fifty Dollars (\$250.00). If Buyer does not act within the thirty (30) day period, or if the Unit is conveyed to the Buyer, Buyer will be deemed to have executed the receipt for the Final Public Report and to have waived Buyer's right to cancel (paragraphs 2.1 and 2.3 of the Special Provisions).
 - b. The Buyer may cancel Buyer's purchase if there is a material change in the Project which directly, substantially and adversely affects the use or value of the Buyer's Unit or the amenities available for the Buyer's use. (paragraph 3.1 of

the Special Provisions).

2. Paragraph 6 of the Special Provisions provides that the Buyer acknowledge that Buyer has examined (and agrees to be bound) by the following:

- a. The floor plans for the Project;
- b. Escrow Agreement
- c. The Declaration of Condominium Property Regime, By-Laws of the Association of Apartment Owners;
- d. The Apartment Deed;
- e. Disclosure Abstract; and
- f. The Final or Supplementary Public Report

3. Binding Agreement. Upon the execution and return by a Buyer of a receipt for a Final Public Report or when any such receipt becomes effective as provided by law or when the buyer's rights have been waived as provided by law or this Agreement, this Agreement shall become a binding agreement. Prior thereto, this Agreement shall constitute a reservation only.

4. Association Will Self-Manage. There will be no initial Managing Agent. Buyer agrees that Seller will exercise all rights of the Association of Unit Owners until there are enough Owners to form the Association and Board of Directors is elected at the first annual meeting of the Association at which time the Association will either self-manage or appoint a Managing Agent.

EXHIBIT "G"

SUMMARY OF THE MATERIAL PROVISIONS OF THE ESCROW AGREEMENT

Summary of the Condominium Escrow Agreement between the Developer and Fidelity National Title & Escrow of Hawaii, Inc.:

1. All deposits will be paid to Escrow. A copy of each Sales Contract and all payments made to purchase a Unit shall be turned over to the Escrow Agent.

2. Refunds. A Buyer shall be entitled to a return of Buyer's funds, and Escrow shall pay such funds to such Buyer, without interest, in accordance with the Sales Contract if any of the following has occurred:

a. Developer and the Buyer shall have requested Escrow in writing to return to Buyer the funds of Buyer held hereunder by Escrow; or

b. Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the Sales Contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

c. With respect to a Buyer whose funds were obtained prior to the issuance of the Final Report, the Buyer has exercised his right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

d. A Buyer has exercised Buyer's right to rescind the Sales Contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

Upon such refund, Escrow Agent shall be entitled to a reasonable fee not less than twenty-five dollars (\$25) or a fee commensurate with the work done by Escrow prior to cancellation.

3. Requirements Prior to Disbursement of Buyer's Funds. Escrow Agent shall make no disbursements of Buyer's funds, pursuant to paragraph 6 of the Escrow Agreement until all of the following have occurred:

a. The Real Estate Commission has issued a final public report (the "Final Report:") on the Project;

b. Seller or Seller's attorney has given a written opinion to Escrow stating that all of the requirements of Sections

514A-39.5 (as to contingent final public reports), 514A-40 (as to final public reports) and 514A-63 of the Hawaii Revised Statutes, then applicable to the Project, have been satisfied.

c. Seller shall have given Escrow a written waiver of any option reserved in any Sales Contract to cancel such Sales Contract.

4. Buyer's Default. Seller must notify Escrow in writing if Purchaser defaults, and must certify that Seller has cancelled the Buyer's Sales Contract. After such cancellation Escrow will treat the Buyer's funds less Escrow's cancellation fees as belonging to the Seller.

EXHIBIT "H"

DISCLOSURE ABSTRACT

1. a. PROJECT: WAIALUA OCEAN VILLAS
68-008 Apuhihi Street
Waialua, Hawaii 96791
 - b. DEVELOPER: W.H.H., LLC
1314 South King Street Suite 753
Honolulu, Hawaii 96814

Telephone: (808) 593-1803
 - c. REAL ESTATE BROKER: REAL ESTATE UPDATE, INC.
1314 South King Street Suite 753
Honolulu, Hawaii 96814

Telephone: (808) 593-1803
 - d. MANAGING AGENT: Self-Managed by the Association of Apartment Owners
2. Breakdown of annual maintenance fees and monthly estimate costs for each unit are more fully described on Exhibit "1" attached hereto (revised and update every twelve (12) months and certified to have been based on generally accepted accounting principles).

Note: Developer discloses that no reserve study was done in accordance with Chapter 514A-83.6, Hawaii Revised Statutes, and replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Revised Rules, as amended.

3. DESCRIPTION OF ALL WARRANTIES COVERING THE DWELLING AND COMMON ELEMENTS:

The Developer is not giving any warranty on the Units.

4. USE OF UNITS: The Waialua Ocean Villas Condominium Project will consists of four (4) units which will be used only for residential purposes by the respective owners thereof, their tenants, families, domestic servants and social guest and for any other purpose permitted by the land use ordinance ("LUO") for the City and County of Honolulu then in effect; provided, however, that each Unit may be used only for storage purposes or for other purposes permitted by the LUO, until a residence is constructed on the Dwelling Area appurtenant to such Unit.

EXHIBIT I

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

Apartment

Monthly Fee x 12 months = Yearly Total

The regular maintenance and repair of each apartment and the limited common elements appurtenant to each apartment is the sole responsibility of each respective apartment owner. There are no common elements which will require maintenance and repair by the Association. The payment of all utility services for each apartment is the sole responsibility of each respective apartment owner. As a result, Developer anticipates that there will be no annual assessments for maintenance fees.

The Developer has not conducted a reserve study in accordance with HRS §514A-83.6, and replacement rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

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

Estimate of Maintenance Fee Disbursements:

Monthly Fee x 12 months = Yearly Total

Utilities and Services

Air Conditioning	-0-
Electricity	-0-
[] common elements only	
[] common elements and apartments	
Elevator	-0-
Gas	-0-
[] common elements only	
[] common elements and apartments	
Refuse Collection	-0-
Telephone	-0-
Water and Sewer	-0-

Maintenance, Repairs and Supplies

Building	-0-
Grounds	-0-

Management

Management Fee	-0-
Payroll and Payroll Taxes	-0-
Office Expenses	-0-

Insurance

Reserves(*) -0-

Taxes and Government Assessments -0-

Audit Fees -0-

Other -0-

TOTAL

I, Leo J. Noecker, as a member for W.H.H., LLC, the condominium managing agent/developer for the Waialua Ocean Villas 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.



 Signature

8-13-02

 Date

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

Pursuant to §514A-83.6, HRS, 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.

Exhibit "J"

WAIALUA OCEAN VILLAS

FOR DEVELOPER'S USE (chronological system):

COMPLETED AFFIDAVIT SUBMITTED	DATE: _____
	TIME: _____
EARNEST MONEY DEPOSIT SUBMITTED	DATE: _____
	TIME: _____
	RESERVATION #: _____
	APARTMENT #: _____

NOTICE TO ALL PERSONS SIGNING THE AFFIDAVIT

This Affidavit is being provided to you pursuant to Part VI of the Condominium Property Act (Chapter 514A of the Hawaii Revised Statutes). Part VI is referred to as the " Owner-Occupant Law" in this Affidavit, and various Sections of Part VI are referenced in this Affidavit. This Affidavit is a legal document that contains promises which are binding on you. If these promises are broken you could be subject to various penalties that are described in the Owner-Occupant Law and in this Affidavit. Therefore, it is strongly recommended that you seek the advice of an attorney or the Developer's representatives if you do not understand anything contained in the Affidavit, or have questions about anything contained in the Affidavit, or do not understand the references to the Owner-Occupant Law or other provisions of the Condominium Property Act which are contained in this Affidavit.

**AFFIDAVIT OF INTENT TO PURCHASE AND RESIDE IN AN OWNER-OCCUPANT
DESIGNATED CONDOMINIUM RESIDENTIAL UNIT**

We, the undersigned "owner-occupants," on this _____ day of _____, 20____, do hereby declare that it is our intention to purchase and reside in a condominium residential unit designated for an "owner-occupant" in the WAIALUA OCEAN VILLAS condominium project ("Project") proposed by W.H.H., LLC, a Hawaii Limited Liability Corporation ("the 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 residential unit ("designated unit") pursuant to section 514A-103 of the Owner-Occupant Law, and upon closing escrow, to reside in the designated unit 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:

"Owner-Occupant" means any individual in whose name sole or joint legal title is held in a residential apartment 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 sixty-five consecutive days; provided that the individual retains complete possessory control of the premises of the residential apartment 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; except that an individual shall be deemed to have complete possessory control even when the individual conveys or transfers the apartment into a trust for estate planning purposes and continues in the use of the premises as the individual's principal residence during this period.

3. We understand that if two or more prospective owner-occupant's intend to reside jointly in the same designated unit, 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 unit, 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 das after recordation of the instrument conveying the designated unit to us), we shall notify the Real Estate Commission immediately upon any decision to cease being an owner-occupant of the designated unit.

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 unit.

7. We have personally executed this Affidavit and we are all of the prospective owner-occupants for the designated unit. 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 Project's Final Public Report and no later than the closing of escrow for the unit. The Developer shall cancel our sales contract or reservation if we fail to make the reaffirmation. If the sales contract has become binding

