DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM

CONDOMINIUM PROJECT NAME	LAULANI XIV, PHASE 22
Project Address	91-1001 Keaunui Drive Ewa Beach, Hawaii 96706
Registration Number	7244
Effective Date of Report	June 5, 2012
Developer(s)	Gentry Homes, Ltd.

Preparation of this Report

The Developer prepared this report to disclose relevant information, including "material facts", that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. The law defines "material facts" to mean "any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale."

This report has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts or all pertinent changes, or both, about the project have been fully or adequately disclosed; and (3) is not the Commission's judgment of the value or merits of the project.

This report may be used by the Developer for promotional purposes only if it is used in its entirety. No person shall advertise or represent that the Commission has approved or recommended the project, this report or any of the documents submitted with Developer's application for registration of this project.

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the Commission an amendment to this report or an amended Developer's Public Report, clearly reflecting the changes, including any omitted material facts, together with such supporting information as may be required by the Commission. In addition, the Developer may choose at any time to change or update the information in this report. Annually, at least thirty days prior to the anniversary date of the Effective Date of this report, the Developer shall file an annual report to update the material contained in this report. If there are no changes, the Developer is required to state that there are no changes. The Developer's obligation to amend this report or to file annual reports ends when the initial sales of all units in the project have been completed.

Purchasers are encouraged to read this report carefully and to seek professional advice before signing a sales contract for the purchase of a unit in the project.

Signing a sales contract may legally bind a purchaser to purchase a unit in the project, though a purchaser may have rights to cancel or rescind a sales contract under particular circumstances that may arise.

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

SPECIAL ATTENTION

Master Community Association. LAULANI XIV is a condominium project that is also located in the master community association of Ewa by Gentry. As a result, owners in LAULANI XIV are automatically members of the Ewa by Gentry Community Association and are responsible for paying quarterly dues in **addition to** the condominium maintenance fees shown in Exhibit "G". As of January 1, 2012, the dues are $105 per quarter for a total of $420 per year.

Commencement of Maintenance Fees. Developer will provide the owners in LAULANI XIV with written notice at least thirty (30) days prior to the maintenance fee commencement date. Please see Exhibit "G" of this Developer's Public Report (this "Public Report").

Trash Collection for LAULANI XIV. Residents in LAULANI XIVwill not have curbside trash collection. Please see page 18g for additional information.

Terminology in Project Documents. The LAULANI XIV condominium documents use the term "Apartment" instead of "Unit" and the term "Apartment Owner" instead of "Unit Owner".

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General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. 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 and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

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

You will be entitled to exclusive ownership and possession of your unit. Subject to the documents governing them, condominium units may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift or operation of law.

Your unit will, however, be part of the group of units that comprise the condominium project. Study the project's Declaration of Condominium Property Regime, Bylaws of the Association of Unit Owners, Condominium Map and House Rules, if any, which are being concurrently delivered to you with this report. These documents contain important information on the use and occupancy of the units and the common elements of the project, as well as the rules and regulations of conduct for unit owners, tenants and guests.

Operation of the Condominium Project

The Association of Unit Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit 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 a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first 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 purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	☒ Fee Simple ☐ Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	☒ Yes ☐ No
Fee Owner's Name if Developer is not the Fee Owner	
Address of Project	91-1001 Keaunui Drive, Ewa Beach, HI 96706
Address of Project is expected to change because	
Tax Map Key (TMK)	(1) 9-1-149:031 (portion)
Tax Map Key is expected to change because	of recent recordation of the Land Court Map
Land Area	0.761 acre
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	

1.2 Buildings and Other Improvements

Number of Buildings	9
Floors Per Building	2
Number of New Building(s)	9
Number of Converted Building(s)	0
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	concrete, wood, composition siding, composition shingles

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	Br/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc.)	Total Area
Trades, Plan 1	1	3 / 2 ½	1,151 sq. ft.	446 sq. ft.	garage	1,597 sq. ft.
Trades, Plan 2	1	3 /2 ½	1,234 sq. ft.	422 sq. ft.	garage	1,656 sq. ft.
Trades, Plan 2M	2	3 /2 ½	1,234 sq. ft.	422 sq. ft.	garage	1,656 sq. ft.
Trades, Plan 3	3	4 /2 ½	1,232 sq. ft.	465 sq. ft.	garage	1,697 sq. ft.
Trades, Plan 4	2	4 /3	1,375 sq. ft.	429 sq. ft.	garage	1,804 sq. ft.
See Exhibit ____.						

9	**Total Number of Units**

Note: Net Living Area is the floor area of the unit measured from the interior surface of the perimeter walls of the unit. Other documents and maps may give floor area figures that differ from those above because a different method of determining floor area may have been used.

1.4 Parking Stalls

Total Parking Stall in the Project:	18
Number of Guest Stalls in the Project:	0; See Ex "A".
Number of Parking Stalls Assigned to Each Unit:	at least 2; See Ex "A"
Attach Exhibit A specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	

1.5 Boundaries of the Units

Boundaries of the unit:
Each unit includes the spaces within the underside of the concrete slabs, the outside of the roofs and the outer surfaces of the perimeter walls of the respective units. The units DO NOT include any pipes, wires, ducts or other utility or service line that services MORE THAN ONE unit. Such pipes and utilities shall be deemed common elements.

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project):
See Exhibit B

1.7 Common Interest

Common Interest: Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit'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 unit owners. The common interest for each unit in this project, as described in Declaration, is:

Described in Exhibit C.

As follows:

1.8 Recreational and Other Common Facilities (Check if applicable):

☐	Swimming pool
☐	Laundry Area
☐	Storage Area
☐	Tennis Court
☐	Recreation Area
☐	Trash Chute/Enclosure(s)
☐	Exercise Room
☐	Security Gate
☐	Playground
☐	Other (describe):

1.9 Common Elements

Common Elements: Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.
Described in Exhibit D.
Described as follows:

Common Element	Number
Elevators	
Stairways	
Trash Chutes	

1.10 Limited Common Elements

Limited Common Elements: A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.
Described in Exhibit D.
Described as follows:

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.	
☒	Pets: Must comply with House Rules
☐	Number of Occupants:
☒	Other: Apts. cannot be used for transient or hotel, "timeshare" or "time interval' use.
☐	There are no special use restrictions.

1.12 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 a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).
Exhibit E describes the encumbrances against title contained in the title report decribed below.
Date of the title report: May 8, 2012
Company that issued the title report: First American Title Company, Inc.

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning				
	Type of Use	No. of Units	Use Permitted by Zoning	Zoning
☒	Residential	9	☒ Yes ☐ No	A-2
☐	Commercial		☐ Yes ☐ No	
☐	Mix Residential/Commercial		☐ Yes ☐ No	
☐	Hotel		☐ Yes ☐ No	
☐	Timeshare		☐ Yes ☐ No	
☐	Ohana		☐ Yes ☐ No	
☐	Industrial		☐ Yes ☐ No	
☐	Agricultural		☐ Yes ☐ No	
☐	Recreational		☐ Yes ☐ No	
☐	Other (Specify):		☐ Yes ☐ No	
Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?			☒ Yes ☐ No	
Variances to zoning code have been granted.			☐ Yes ☒ No	
Describe any variances that have been granted to zoning code				

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots

In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.

A purchaser may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.

	Conforming	Non-Conforming	Illegal
Uses	☒	☐	☐
Structures	☒	☐	☐
Lot	☒	☐	☐

If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:

1.15 Conversions

Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.	☐ **Applicable** ☒ **Not Applicable**
Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:	
Developer's statement of the expected useful life of each item reported above:	
List of any outstanding notices of uncured violations of any building code or other county regulations:	
Estimated cost of curing any violations described above:	

Verified Statement from a County Official

Regarding any converted structures in the project, attached as Exhibit ____ is a verified statement signed by an appropriate county official which states that either:

(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:
- (i) Any variances or other permits that have been granted to achieve compliance;
- (ii) Whether the project contains any legal non-conforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and
- (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance;

or

(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.

Other disclosures and information:

1.16 Project In Agricultural District

Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? **If answer is "Yes", provide information below.**	☐ **Yes** ☒ **No**
Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? ☐ Yes ☐ No If the answer is "No", provide explanation.	
Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? ☐ Yes ☐ No If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.	
Other disclosures and information:	

1.17 Project with Assisted Living Facility

Does the project contain any assisted living facility units subject to Section 321-11(10), HRS? **If answer is "Yes", complete information below.**	☐ **Yes** ☒ **No**
Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.	
The nature and the scope of services to be provided.	
Additional costs, directly attributable to the services, to be included in the association's common expenses.	
The duration of the provision of the services.	
Other possible impacts on the project resulting from the provision of the services.	
Other disclosures and information.	

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer(s)	Name: GENTRY HOMES, LTD. Business Address: 560 N. Nimitz Hwy., Suite 210 Honolulu, Hawaii 96817 Business Phone Number : 808-599-5558 E-mail Address: www.gentryhawaii.com
Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).	Robert W. Brant -- President/CEO Toshimasa Hosoda -- Senior Vice President -- Planning John Shaw -- Senior Vice President -- Architecture Dawn Suyenaga -- Vice President/Secretary Michael J. Brant -- Vice President -- Engineering Richard N. Hobson -- Vice President -- Sales and Marketing Quentin Machida -- Vice President Victoria Slovak -- Treasurer
2.2 Real Estate Broker	Name: Gentry Homes, Ltd. Business Address: 560 N. Nimitz Hwy., Suite 210 Honolulu, Hawaii 96817 Business Phone Number: 808-599-5558 E-mail Address: www.gentryhawaii.com
2.3 Escrow Depository	Name: First American Title Company, Inc. Business Address: 1177 Kapiolani Boulevard Honolulu, Hawaii 96814 Business Phone Number: 808-536-3866
2.4 General Contractor	Name: Gentry Builders, LLC Business Address: 560 N. Nimitz Hwy., Suite 210 Honolulu, Hawaii 96817 Business Phone Number: 808-599-5558
2.5 Condominium Managing Agent	Name: Hawaiiana Management Company, Ltd. Business Address: 711 Kapiolani Blvd., Suite 700 Honolulu, Hawaii 96813 Business Phone Number: 808-593-9100
2.6 Attorney for Developer	Name: David F. Andrew, Esq. Address: Schneider Tanaka Radovich Andrew & Tanaka 1100 Alakea Street, Suite 2100 Honolulu, Hawaii 96813 Business Phone Number : 808-792-4200

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances (Regular System) or filing in the Office of the Assistant Registrar of the Land Court, or both, a Declaration of Condominium Property Regime, a Condominium Map and the Bylaws of the Association of Unit Owners. The Condominium Property Act (Chapter 514B, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the unit owners with respect to the project and the common elements, to each other, and to their respective units.

3.1 Declaration of Condominium Property Regime

The Declaration of Condominium Property Regime contains a description of the land, buildings, units, common interests, common elements, limited common elements, and other information relating to the condominium project.		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	May 2, 2012	T-8163132

Amendments to Declaration of Condominium Property Regime		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court		

3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Unit 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 that affect how the condominium project will be governed.		
Land Court or Bureau of Conveyances	Date of Document	Document Number
Land Court	May 2, 2012	T-8163133

Amendments to Bylaws of the Association of Unit Owners		
Land Court or Bureau of Conveyances	Date of Document	Document Number

3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.	
Land Court Map Number	2150
Bureau of Conveyances Map Number	
Dates of Recordation of Amendments to the Condominium Map:	

3.4 House Rules

The Board of Directors may adopt rules and regulations (commonly called "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. Changes to House Rules do not need to be recorded to be effective.		
The House Rules for this project:		
Are Proposed	☐	
Have Been Adopted and Date of Adoption	☒	May 8, 2012
Developer does not plan to adopt House Rules	☐	

*Please see the last paragraph of Section 3 on page 18 of this Public Report regarding a change to the Fining Policy that is attached as Exhibit "A" to the House Rules.

3.5 Changes to the Condominium Documents

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.

Document	Minimum Set by Law	This Condominium
Declaration	67%	75%
Bylaws	67%	67%

3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents

☐	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
☒	Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House Rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows: See Exhibit "F"

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

Management of the Common Elements: The Association of Unit Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.	
The initial Condominium Managing Agent for this project is (check one):	
☒	Not affiliated with the Developer
☐	None (self-managed by the Association)
☐	The Developer or an affiliate of the Developer
☐	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

Estimate of the Initial Maintenance Fees: The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.
Exhibit G contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
☒	Electricity for the common elements
☐	Gas for the common elements
☒	Water
☒	Sewer
☐	TV Cable
☐	Other (specify)

4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:	
☒	Electricity for the Unit only
☐	Gas for the Unit only
☐	Water
☐	Sewer
☒	TV Cable
☐	Other (specify)

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

☒	Specimen Sales Contract Exhibit H contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
☒	Escrow Agreement dated: January 22, 2009 and assigned April 14, 2010 Name of Escrow Company: First American Title Company, Inc. Exhibit I contains a summary of the pertinent provisions of the escrow agreement.
☐	Other:

5.2 Sales to Owner-Occupants

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants.

☒	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
☐	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit ____ .
☒	Developer has or will designate the units for sale to Owner-Occupants by publication.

5.3 Blanket Liens

Blanket Liens: A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.	
☐	There are no blanket liens affecting title to the individual units.
☒	There are blanket liens that may affect title to the individual units.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	Lender has priority over Buyer's rights under a sales contract, and
	has a right to terminate sales contracts upon foreclosure of its
	mortgage before an apartment sale is closed.

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:
Building and Other Improvements: See Exhibit "J".
Appliances: See Exhibit "J".

5.5 Status of Construction, Date of Completion or Estimated Date of Completion

Status of Construction: Construction of the units began in May 2012. The estimated date of construction completion of the units is August 2012.
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract: Subject to certain specific exceptions described in Section G.4 of the Sales Contract, the Developer agrees that completion of construction of each unit will be on or before two years after the buyer signs the Sales Contract.
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:

5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance

The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

☒	The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project. *If this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.*

5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):	
☐	For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or
☐	For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

In connection with the use of purchaser deposits (check Box A or Box B):

Box A ☐	The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report. If Box A is checked, you should read and carefully consider the following notice, which is required by law: **Important Notice Regarding Your Deposits: Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.**
Box B ☐	The Developer has **not** submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits. If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the **Important Notice Regarding Your Deposits** set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, **you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.** (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report. You should understand that, although the **Important Notice Regarding Your Deposits** set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.

Material House Bond. If the Developer has submitted to the Commission a completion or performance bond issued by a material house instead of a surety as part of the information provided prior to the use of purchaser deposits prior to closing or conveyance of a unit, the Developer shall disclose the same below and disclose the impact of any restrictions on the Developer's use of purchaser deposits.

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.	
1.	**Developer's Public Report**
2.	**Declaration of Condominium Property Regime (and any amendments)**
3.	**Bylaws of the Association of Unit Owners (and any amendments)**
4.	**Condominium Map (and any amendments)**
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8.	Other: Master Declaration dated July 21, 1988, as amended (See item 2 of Exhibit "E"). Joint Development Agreement dated July 18, 2008 (See Item 16 of Exhibit "E").

Copies of the condominium and sales documents and amendments made by the Developer are available for review through the Developer or through the Developer's sales agent, if any. The Condominium Property Regime law (Chapter 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:
Website to access official copy of laws: www.capitol.hawaii.gov
Website to access rules: www.hawaii.gov/dcca/har

5.8 Purchaser's Right to Cancel or Rescind a Sales Contract

A purchaser's right to cancel a sales contract or to rescind a sales contract may arise under varying circumstances. In the sections below, some circumstances that will give rise to a purchaser's right to cancel or rescind are described, together with what a purchaser must do if the purchaser wishes to exercise any of the rights.

5.8.1 When a Sales Contract becomes Binding and Purchaser's 30-Day Right to Cancel a Sales Contract

A sales contract signed by a purchaser and the developer will not become binding on a purchaser or the Developer until the following events have taken place:

(1) The purchaser has signed the sales contract.

(2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.

(3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.

(4) The purchaser does at least one of the following:

(a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

(b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or

(c) Closes the purchase of the unit before the 30-day cancellation period expires.

The purchaser or the Developer may cancel the sales contract at any time during the 30-day cancellation period, and the sales contract will be canceled and the purchaser's deposits returned to the purchaser, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of $250.

5.8.2 Right to Cancel a Sales Contract if Completion Deadline Is Missed

In addition to the purchaser's 30-day cancellation right described in Section 5.8.1 above, when a sales contract is signed before completion of construction of a project, the purchaser will have the right to cancel if the unit is not completed by certain deadlines. In conversion projects, there must be a deadline for completion of any required repairs. Every sales contract shall contain an agreement of the Developer that the completion of construction shall occur on or before the completion deadline, and that completion deadline is set forth in this report in Section 5.5. The sales contract shall provide that the purchaser may cancel the sales contract at any time after the specified completion deadline, if completion of construction does not occur on or before the completion deadline, as the same may have been extended. Upon a cancellation, the purchaser's deposits shall be refunded, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of $250.00.

5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change

If a "material change" in a project occurs after a purchaser has signed a sales contract that has become binding, the purchaser will have a 30-day right to rescind after notification and description of the material change. A material change is defined in the Condominium Property Act to be any change that "directly, substantially and adversely affects the use or value of (1) a purchaser's unit or appurtenant limited common elements; or (2) those amenities of the project available for the purchaser's use."

The purchaser will be informed of the material change by the developer on a form prescribed by the Commission containing a description of the material change.

After notice of the material change, the purchaser may waive the right to rescind by:

(1) Checking the waiver box on the rescission form; or

(2) Letting the 30-day rescission period expire, without taking any action to rescind; or

(3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30th calendar day after the purchasers received the rescission form from the developer. Purchasers who validly exercise the right of rescission shall be entitled to a prompt and full refund of any moneys paid.

A rescission right shall not apply in the event of any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the project's Declaration.

These provisions shall not preclude a purchaser from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

1. **Ongoing Construction.** Construction of LAULANI XIV will be ongoing while Units are being occupied. This ongoing construction will create dust, noise and increased traffic in the vicinity of occupied Units. Certain hazardous conditions relating to the construction may also exist for a period of time. Additionally development of the areas around LAULANI XIV will cause dust in and around the Project for several years as development in Ewa by Gentry continues. Buyer understands that Developer will make efforts to minimize the dust but that it is an inevitable result of the ongoing construction.

2. **Ongoing Sales Activity.** Sales activities for LAULANI XIV and neighboring communities will be ongoing. This will result in increased traffic and noise in the vicinity of the sales office located near LAULANI XIV. Portions of the common areas of LAULANI XIV may be used for signage and other sales activities for a period of time while sales are ongoing.

3. **Future Merger.** LAULANI XIV is part of an overall area covered by that certain Agreement for Issuance of Conditional Use Permit under Section 21-5.380 of the Land Use Ordinance (LUO) dated July 18, 2008 and recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii ("Land Court") as Document No. 3779579 (the "Joint Development Area"). The Joint Development Area includes the existing Laulani, Laulani II, Laulani III, Laulani IV, Laulani V, Laulani VI, Laulani VII, Laulani VIII, Laulani IX, Laulani X, Laulani XI, Laulani XII, Laulani XIII condominium communities and LAULANI XIV as well as additional land that will be developed into residential condominiums similar to LAULANI XIV in the future. The Joint Development Area was designed to operate as a cohesive, integrated detached condominium community that includes shared common facilities and infrastructure, including but not limited to potable water, non-potable well system, irrigation, drain, sewer, and electrical systems, visitor parking stalls, roadways, landscaping a recreation center and mail center. (Developer may later decide to alter development plans to address market conditions and to develop a separate condominium community in the Joint Development Area that differs in design and construction from LAULANI XIV.) The Joint Development Area is also sometimes referred to as "LAULANI" in this Public Report.

The Association of Apartment Owners of Laulani (the "LAULANI AOAO") has been created and incorporated as a Hawaii non-profit corporation. As of the date of this Public Report, the associations of apartment owners for Laulani, Laulani II, Laulani III, Laulani IV, Laulani V, Laulani VI, Laulani VII, Laulani VIII and Laulani X have all been administratively merged into the LAULANI AOAO. Developer intends to administratively merge the associations of apartment owners for the rest of the Laulani condominium communities within the Joint Development Area (including LAULANI XIV). The administrative merger of the various Laulani condominium communities into the LAULANI AOAO will be for the purpose of sharing common area costs shared by the various communities (such as roadways, street lighting, utilities, landscaping, recreational facilities and mail center). The use and cost of maintaining and operating the shared infrastructure and facilities will be shared among all owners on a pro rata basis. If the condominium communities in the Joint Development Area have different building types that require different maintenance and reserve assessments, then the LAULANI AOAO will set up cost centers such that each community is responsible only for the maintenance of its building type.

The Board of Directors of the LAULANI AOAO has adopted a schedule of fines and certain protocols for violations of the Declaration, the By-Laws and the House Rules, as set forth in that certain Resolution of the Board of Directors of the Association of Apartment Owners of Laulani Adopting a Schedule of Fines for Violations of the Declaration, ByLaws, and House Rules, adopted on May 1, 2012 (the "Resolution"). The Board of Directors of the LAULANI AOAO has also adopted a Visitor Stall Parking & Tow Policy dated February 1, 2011. The fines and violation protocols in the Resolution differ somewhat from what is set forth in the Fining Policy that is attached as Exhibit "A" to the House Rules that the Developer will provide to Buyers of Units at LAULANI XIV. Buyers should be aware that, upon

the administrative merger of LAULANI XIV into the LAULANI AOAO, Unit owners in LAULANI XIV will be subject to the fines and violation protocols set forth in the Resolution. The Visitor Stall Parking & Tow Policy will also apply to Unit owners and their guests.

4. General Disclosures. Buyer understands and acknowledges that certain activities and events will occur on and about LAULANI ("Activities, Events and Conditions affecting LAULANI") as follows:

(a) Surrounding Areas. LAULANI is bordered on the makai side by an existing residential community, an existing elementary school and a future park site. The Diamond Head side of LAULANI borders an undeveloped area and Fort Weaver Road. The Ewa side of LAULANI borders Kapolei Parkway. A portion of the mauka side of LAULANI borders Keaunui Drive. Proximity to these major roadways will result in noise and dust for those homes bordering (or otherwise in the vicinity of) these major roadways. A portion of the mauka side of LAULANI also borders a commercial site (currently owned by Property Development Centers LLC) located on Lot 17683, Map 1356, Land Court Application No. 1069 (the "commercial site"), the development of which is expected to be completed in late 2012. LAULANI is also in close proximity to a future community center, a future child care center, a future park, a future church site (currently owned by Friendship Bible Church – Independent Baptist) and an existing residential community. Because plans for and ownership of the various future development sites may change at any time, Buyer is advised not to rely on any future development site being developed in any particular way or at all. The existence of various undeveloped lands surrounding LAULANI may lead to increased pests, such as cockroaches and rodents. Construction of these undeveloped areas by Developer and other owners will create dust, noise, increased traffic and certain hazardous conditions. Developer will make efforts to minimize dust caused by its construction activities but dust is an inevitable result of the ongoing construction.

(b) No Parking Along Major Roadways. LAULANI is bordered by Kapolei Parkway, Keaunui Drive and Fort Weaver Road. There is no street parking along these major roadways.

(c) Traffic. Fort Weaver Road is a major thoroughfare for Ewa and Ewa Beach residents traveling to or from the H-1 Freeway. Commuters **will** experience delays on Fort Weaver Road and on roads feeding into it, particularly during peak morning and evening hours. The commercial site right off of Fort Weaver Road and between LAULANI and Keaunui Drive is currently being developed and is expected to be completed in late 2012. Traffic signal lights may be added to the portion of Keaunui Drive fronting the commercial site and at the intersection of Kapolei Parkway and Keaunui Drive. Ewa Makai Middle School is located near the intersection of Kapolei Parkway and Keaunui Drive. Current plans show that a church, a child care center and a community center may be built near the intersection of Keaunui Drive and Papau Street. The use of each of those sites will contribute to increased traffic in and around LAULANI.

(d) Future Industrial/Industrial Commercial Mixed Use Development. A development consisting of light industrial and commercial uses will be built in the future along Geiger Road across from the Honouliuli Wastewater Treatment Plant. This development may result in increased traffic, noise and other impacts in the vicinity.

(e) Aircrafts. LAULANI is located in the vicinity of the Honolulu International Airport and Kalaeloa Airport (the former Barber's Point Naval Air Station), both of which are owned and operated by the State of Hawaii. Buyer is aware that there will be noise from planes passing overhead or nearby. The 2003 (Existing) Base Year Noise Exposure Map of the Honolulu International Airport Master Plan shows LAULANI located in an area subject to noise levels exceeding 55 Dnl. Developer has recorded a Grant of Avigation and Noise Easement in favor of the State of Hawaii on the Property. This Grant of Avigation and Noise Easement is in a form prescribed by the State Department of Transportation. This Grant grants to the State of Hawaii a perpetual easement and right of way, appurtenant to the Honolulu International Airport and

the Kalaeloa Airport, for the passage of all aircraft ("aircraft" being defined for the purposes of this instrument as any contrivance now known or hereafter invented, used, or designed for use in the navigation of or flight in the air). This Grant further grants to the State of Hawaii a perpetual easement to discharge, emit or otherwise transmit noise at levels exceeding 55 Dnl.

(f) Honouliuli Treatment Plant. LAULANI is located near the Honouliuli Wastewater Treatment Plant, which generates odors and noise and which may be expanded in the future to accommodate increased usage.

(g) Irrigation Water in Ewa by Gentry. Water used to irrigate the common area landscaping in the Ewa by Gentry community and in the LAULANI XIV community, including the front yard area of each Unit, will come from either a nonpotable well service or may be from reclaimed water from the Honouliuli Wastewater Treatment Plant. Any reclaimed water is required to be treated according to Department of Health guidelines.

(h) Mold. Mold and mold spores are present throughout the environment, and residential home construction is not, and cannot be, designed to exclude mold spores. All mold is not necessarily harmful, but certain strains of mold have been shown to have adverse health effects in susceptible persons. If the growing conditions are favorable, then mold can grow in the LAULANI XIV Units. Moisture is the only mold growth factor that can be controlled in a residential setting. If Buyer decides to purchase a Unit in LAULANI XIV, Buyer will be required to execute a Sales Contract in which Buyer agrees to assume responsibility for taking appropriate steps to reduce or eliminate the occurrence of moisture in and around the Unit Buyer is purchasing. Buyer will also be required to release, discharge, indemnify and defend, Developer and Developer's employees, agents, officers, directors, principals and contractors (collectively, including Developer, the "Released Entities"), from and against any and all claims, demands, damages, causes of action, liabilities, losses, and expenses, that Buyer or any occupant of the Unit Buyer purchases has or may have in the future, that are in any way connected with indoor air quality, moisture, or the presence of any mold, mold spores, or chemicals on, in, or about the Unit Buyer purchases, whether or not caused by, in whole or in part, any act or omission of any of the Released Entities.

(i) Navy Land. LAULANI is located in the vicinity of the West Loch Branch of the Lualualei Naval Magazine ("West Loch") which in the event of military action may be a military sensitive area. The U.S. Navy has denoted an area east of LAULANI as an "Explosive Safety Hazard Zone" in connection with munitions that may be loaded onto ships at West Loch. The Navy has represented that the boundary of the "Explosive Safety Hazard Zone" represents the probable limits of any impact from an explosion at West Loch on the adjacent community. The Navy restricts development in the "Explosive Safety Hazard Zone", which extends to West Loch. The Navy has leased portions of the "Explosive Safety Hazard Zone" for agricultural use, which will create dust and noise. Because this area is undeveloped, there will also be pests, such as cockroaches and rodents. Geiger Road and Iroquois Point Road may also be used by the Navy to transport aircraft and munitions.

(j) Agricultural Land. LAULANI is located upon land previously used for the cultivation of sugar cane. Chemicals used in connection with the former agricultural use of the property may have come into contact with the soil. Land near LAULANI may continue to be used for the cultivation and harvesting of agricultural products. Specifically, the Navy has leased a portion of the land described in Paragraph 4(i) [Navy Land] above for agricultural use, which will create dust and noise. This area will also be subject to periodic spraying or other treatment of the area with pesticides, insecticides, herbicides, fungicides and fertilizers. Crops may be burned when seasonally appropriate. Buyer is advised that the Hawaii Right-to-Farm Act (H.R.S. Ch. 165) and Hawaii law limit the types of farm activities that may be deemed a nuisance.

(k) Golf Courses. There are two golf courses in the immediate vicinity of LAULANI. The Hawaii Prince Golf Course is on the east side of Fort Weaver Road. The Coral Creek Golf Course is on the west side of Fort Weaver Road. The Coral Creek Golf Course is also a designated flowage easement for drainage purposes. Both the Coral Creek Golf Course and the Hawaii Prince Golf Course are collectively referred to as the "golf courses".

There are hazards, uses and activities associated with the golf courses that may cause injuries to persons and/or damage to property within LAULANI. Those hazards, uses and activities include such things as errant or stray golf balls, reservoirs and water hazards up to six feet (6 ft.) deep, periodic spraying or other treatment with pesticides, insecticides, herbicides, fungicides and fertilizers, surface water runoff, noise, dust and unpleasant odors. Irrigation of the golf courses may be with water from storm retention basins or reclaimed water from the Honouliuli Wastewater Treatment Plant. Any reclaimed water is required to be treated according to State Department of Health guidelines. Tournaments and other special events held on the golf courses may also impact LAULANI. If Buyer decides to purchase a Unit in LAULANI XIV, Buyer will be required to execute a Sales Contract in which Buyer agrees to waive any and all rights or claims that Buyer might have against Developer, Coral Creek Golf, Inc., Seibu Hawaii, Inc., Seibu Railway Co., Ltd., Hawaii Prince Hotel Waikiki Corp., Hawaii Prince Hotel Waikiki LLC and any future owners/operators of the golf courses because of these conditions.

Property owners in LAULANI will not have an ownership interest in the golf courses, a right to use any portion of the golf courses or a right to enter the golf courses by virtue of their ownership of an Unit at LAULANI or by virtue of their membership in the Ewa by Gentry Community Association.

(l) Undetermined Flood Hazard Zone. The Federal Emergency Management Agency ("FEMA") has not yet reviewed the LAULANI area to determine whether the Property is within a flood hazard zone. If FEMA later determines that the Property is within a flood hazard area, then your lender may require you to obtain flood insurance.

(m) Affordable Housing. Many homes in the Ewa by Gentry community have been developed to meet the City and County of Honolulu's (the "City's") affordable housing requirements. Homes that meet the City's definition of "affordable" are or will be located in various communities throughout Ewa by Gentry. Some of the homes in the Coronado and Palm Villas condominium projects are subject to shared appreciation and buy/back provisions and rental restrictions associated with the affordable housing requirements, and there may be other communities that will be developed in the future in Ewa by Gentry that will have similar restrictions.

(n) Real Property Values. Buyer is advised to conduct Buyer's own independent investigation of the housing market in Hawaii, the community and LAULANI and to make Buyer's own determination of the value of the Units in LAULANI XIV based on Buyer's knowledge and investigation of the market, the community and LAULANI. Buyer understands that the sales price for a Unit in LAULANI may be more or less than the actual value of the Unit and that an appraisal of the Unit may conclude that the appraised value of the Unit is more or less than the sales price of the Unit.

Buyer is advised that there are several different loan programs available to different types of Buyers, including loans offered by various government agencies such as the Veterans Administration ("VA"), the United States Department of Agriculture ("USDA") and the Federal Housing Administration ("FHA"). The loan programs offered through VA, USDA, FHA and other government agencies often require either no down payment or down payments that are less than twenty percent (20%) of the sales price of the real property being purchased. Loans made through this type of financing are considered to be inherently more risky to the lender, compared to other types of loans that require a down payment of twenty percent (20%) or more of the sales price, and as a result, the appraisals done for these types of loans tend to be more conservative (meaning that the appraised value is often lower than the sales price of the property being purchased).

Developer makes no representations as to the type of loan that Buyer may be able to obtain or that Buyers of other homes in LAULANI may obtain. Buyer understands that even if Buyer makes a down payment to purchase the Unit, other Buyers of Units in LAULANI may not be required by their lenders to make a down payment or to make the same type of down payment as Buyer.

Buyer is advised not to rely on any acts or statements made by Developer, Gentry HomeLoans, LLC or their affiliates, or by any of their respective officers, directors, members, managers, employees, agents, successors or assigns in deciding whether or not the sales price of a Unit reflects the appraised value of the Unit. Buyer understands and acknowledges that real property values can rise and fall based upon the housing market and other economic factors independent from any person's or entity's control. If Buyer decides to purchase a Unit in LAULANI XIV, Buyer will be required to execute a Sales Contract in which Buyer waives and releases any claim against Developer, Gentry HomesLoans, LLC, their affiliates and their respective officers, directors, members, managers, employees, agents, successors and assigns relating to the relationship of the appraised value of a Unit in LAULANI XIV to the sales price of the Unit, as of the date Buyer signs a Sales Contract or as of the date Buyer's deed to the Unit records, or relating to any decrease or fluctuation in the appraised value of the Unit from and after the date Buyer's deed to the Unit records.

5. **Schools.** The current public school district boundaries show that LAULANI is in the district that is served by Keoneula Elementary School, Ewa Makai Middle School and James Campbell High School. These plans are subject to change by the State of Hawaii.

6. **Ewa by Gentry Community.** All Unit owners in LAULANI are automatically members of the Ewa by Gentry Community Association, a non-profit Hawaii corporation. All owners are therefore subject to the restrictions, covenants and conditions of the Ewa by Gentry Community Area Declaration of Covenants, Conditions and Restrictions which govern the entire Ewa by Gentry community. The Community Association enforces the provisions of the Declaration of Covenants, Conditions and Restrictions to ensure a well maintained, safe and aesthetically pleasing community. A copy of the Declaration of Covenants, Conditions and Restrictions is available at the sales office. The Declaration of Covenants, Conditions and Restrictions can also be viewed online at www.ebgca.net under the "Documents" section. Effective January 1, 2012, each owner will pay dues to the Community Association in the amount of $105 per quarter for a total of $420 a year. The maintenance fees reflected in Exhibit "G" of this Public Report do not include the dues payable to the Ewa by Gentry Community Association.

7. **Private Drain Line/Private Access Road.** Developer and the owner of the adjacent future commercial site (the "Commercial Site Owner") have agreed to share the cost to maintain and repair certain infrastructure that services both the Joint Development Area and the future commercial site as outlined in that certain Declaration of Intent to Develop and Merge dated March 2, 2009 and recorded in Land Court as Document No. 3835206 (the "Declaration of Intent").

(a) **Private Drain Line.** A private drain line (the "Private Drain Line") runs from the future commercial site through the Joint Development Area, through Kapolei Parkway and through Lot 16888, Map 1304 (the existing wastewater pump station) and Lot 16887, Map 1304 (Ewa Makai Middle School) and into Lot 17263, Map 1324, all of said maps being filed with Land Court Application No. 1069.

The Private Drain Line is made up of the following easements:

(i) Easement 10440, Map 1525, which affects Laulani IX, The Trades Model Complex, Lot 19001, as shown on Map 1525, Land Court Application No. 1069 (which includes the Recreation Center and the Mail Center), Laulani XI and Laulani X;

(ii) Easement 10423, Map 1518, which affects Laulani V;

(iii) Easement 9664, Map 1408, which affects Laulani V, Laulani III and Laulani;

(iv) Easement 8978, Map 1304, which affects Lot 16888, Map 1304 (Wastewater Pump Station to be dedicated to the City and County of Honolulu); and

(v) Easement 8977, Map 1304, which affects Lot 16885 (Kapolei Parkway), Lot 16887 (Ewa Makai Middle School) and Lot 17263, Map 1324.

The costs to maintain the Private Drain Line will be shared amongst the various land owners as specified in the Declaration of Intent.

(b) Private Access Road. Developer and the Commercial Site Owner have also agreed that there will be a future private access road that will run along the boundary of the Joint Development Area and the future commercial site (the "Shared Private Access Road"). The Department of Planning and Permitting of the City and County of Honolulu has required that the future Shared Private Access Road be made available for public use.

A portion of the Shared Private Access Road has been built and is covered by:

(i) Easement 10698, Map 1549 (located in Laulani VI);

(ii) a portion of Easement 10688, Map 1548 (located in Laulani IX); and

(iii) Easement 9808, Map 1422 (located on the commercial site), all of said maps being filed with Land Court Application No. 1069.

The portion of the Shared Private Access Roadway located in:

(i) Laulani IX (the remainder portion of said Easement 10688);

(ii) LAULANI XIII (Easement 10684, Map 1547);

(iii) future phase of LAULANI located on Lot 19586 (Easement 10685, Map 1547);

(iv) future phase of LAULANI located on Lot 19588, Map 1547 (Easement 10686, Map 1547), all of Land Court Application No. 1069; and

(v) the corresponding portion of the easement on the Commercial Site is not expected to be completed until the end of May 2012.

The portion of the Shared Private Access Road which connects to Fort Weaver Road and is located within Easement 10687, Map 1547, located within Lot 19591, Map 1547 (future phases of LAULANI) and on the corresponding easement on the Commercial Site is not expected to be complete until November 2012.

In order to allow traffic to flow from the Shared Private Access Road to Fort Weaver Road, and vice versa, certain approvals need to be obtained from the State Department of Transportation. The Commercial Site Owner is working with the State Department of Transportation to obtain these approvals by November 2012, but it is possible that there may be delays that are beyond the control of either the Developer or the Commercial Site Owner.

Developer and the Commercial Site Owner have agreed to share the cost to maintain the Shared Private Access Road, which would include the private sewer and drain lines in the roadway as well as the street lights and landscaping. It is Developer's intent that the LAULANI AOAO and the other owners in the Joint Development Area eventually assume Developer's responsibilities as to the maintenance of both the Private Drain Line and the Shared Private Access Road, all as specified in the Declaration of Intent.

8. Irrigation in the Joint Development Area. Water used to irrigate the common area landscaping in the Joint Development Area (which includes portions of the front yard of each Unit in LAULANI XIV) currently comes from a non-potable well located in Sun Terra in Ewa by Gentry (the "Area 12 Well"). The Area 12 Well is owned by the Ewa by Gentry Community Association and there is a Non-Potable Well System Sharing Agreement between the Ewa by Gentry Community Association, the Developer and the LAULANI AOAO for the temporary use of the Area 12 Well, until a non-potable well can be built in Laulani IX (the "Area 45/46 Well"). Developer currently anticipates that the Area 45/46 Well will be operational in mid 2012. The Area 45/46 Well is not part of the Laulani IX common elements. Developer has reserved the right in the Laulani IX Declaration to create an easement covering the Area 45/46 Well and to dedicate that easement to the Ewa by Gentry Community Association. The Area 45/46 Well will be owned and maintained by the Ewa by Gentry Community Association and will be the irrigation source for common area landscaping in the Joint Development Area, landscaping along a portion of Fort Weaver Road and landscaping in Area 40 (currently the "Latitudes" and "Sandalwood"). The Developer, the Ewa by Gentry Community Association and the LAULANI AOAO will enter into a non-potable well system sharing agreement similar to the agreement for the Area 12 Well. The owners in the Joint Development Area, will pay a pro rata share of the cost to maintain the Area 45/46 Well based on water usage. Developer makes no guarantees or assurances regarding the quantity or quality of water pumped from the well. Due to natural ground water conditions beyond the Developer's control, the ground water aquifer from which the well pumps may dry up or the quality of water may deteriorate to make it unusable in the future. If that happens, then the owner of the Area 45/46 Well (either the Developer or the Ewa by Gentry Community Association) will need to work with the Commission on Water Resource Management on the implementation of an alternative water source plan. A possible alternate source of water would be reclaimed water from the Honouliuli Wastewater Treatment Plant. Use of reclaimed water is required to be in accordance with State Department of Health guidelines.

9. Private Drainage. LAULANI is serviced by a private drainage system that connects to the City and County of Honolulu's municipal sewer system. As such, Federal regulations prohibit the following from being discharged into the Project's drainage system:

(a) domestic wastewater;

(b) industrial wastewater;

(c) any debris, refuse or solid waste or yard waste;

(d) chlorinated swimming pool water;

(e) washwater from vehicle and equipment cleaning; and

(f) oil and petroleum products.

Owners are prohibited from discharging any of the above into the Project's drainage system.

The LAULANI AOAO is solely responsible for the maintenance and upkeep of the Project's drainage system. The LAULANI AOAO shall cooperate with the Developer in assuming the Developer's Drainage Connection License(s) for LAULANI. By assuming the Developer's Drainage Connection License(s), the LAULANI AOAO is also assuming the City and County of Honolulu's National Pollutant Discharge Elimination System permit(s) (the "NPDES Permit") and shall be responsible for the enforcement of the terms and conditions of the NPDES Permit.

10. Future Parking Lot in favor of Keoneula Elementary School and Future Park. As part of the subdivision requirement of LAULANI XIV and the other lots shown on Map 1547, Land Court Application No. 1069, the Department of Planning and Permitting required the Developer to create a parking lot for designated use by the future park users and Keoneula Elementary School visitors during the hours that these two facilities are open. This parking lot will be located on Lot 19590, Map 1547, Land Court Application No. 1069 and will be made part of a future phase of LAULANI. Upon the

merger of this future phase of LAULANI with LAULANI, the owners in LAULANI will be responsible for the maintenance and repair of this parking facility.

11. **Mail Service.** Mail will not be delivered directly to the individual homes. Instead mail will be delivered to a mail center located next to the recreation center described below. Buyers will be assigned a designated mailbox with its own lock and key.

12. **Mail Center and Recreation Center.** The Developer has built a recreation center (the "Recreation Center") and a centralized mail room (the "Mail Center") on Lot 19001, Map 1525, Land Court Application No. 1069 ("Lot 19001"). The Developer has granted a license (the "License Agreement") to the LAULANI AOAO. Under the terms of the License Agreement the licensee is responsible for all costs associated with the Recreation Center and the Mail Center. The License Agreement also provides that the Recreation Center and Mail Center may be used by all residents in the Joint Development Area. The parking stalls located in Lot 19001 are also available for use by all residents of in the Joint Development Area. Upon completion of the Joint Development Area, Developer intends to convey Lot 19001 (which includes the Recreation Center and Mail Center) to the LAULANI AOAO and to any other associations of apartment owners in the Joint Development Area that have not been administratively merged into the LAULANI AOAO.

13. **Condominium Map.** The sizes and configurations of the limited common areas and common areas reflected on the Condominium Map are approximations only. Actual sizes and configurations may vary due to the placement and location of utilities and due to varying terrain surrounding each building.

14. **Lanais.** Units 330, 332, 333, 334 and 335 will be built with the five foot (5 ft.) deep version of the optional covered lanai. Units 331, 336, 337 and 338 will be built with the seven foot (7 ft.) deep version of the optional covered lanai.

15. **Garage Disclosure.** Each LAULANI XIV home has an attached garage. The garage for all plans meets City and County of Honolulu standards to accommodate one full sized and one compact sized parking stall. Buyers who have an oversized vehicle (a van, a truck) or who have more than one full sized vehicle should inspect the garage thoroughly to ensure that the garage can accommodate their vehicles. Garages shall be used for parking operational vehicles only and for incidental storage.

16. **Trash Collection.** All apartments in LAULANI XIV are on a dead end roadway. The City and County of Honolulu's Refuse Division will not pick up trash cans placed in front of apartments on a dead end roadway. Apartment owners will need to place their trash cans in the trash locations shown on the Condominium Map. Trash cans may be put out for trash collection the night before trash is collected and must be removed by the end of the trash pick-up day.

17. **Visitor Parking.** There are no visitor parking stalls in LAULANI XIV. Residents in LAULANI XIV will have access to visitor parking stalls within existing and future condominium communities in the Joint Development Area. Certain visitor parking stalls will be used for the placement of trash cans on trash collection days and the nights before trash collection days. Signs will be posted indicating the hours that the stalls are not available for use as a visitor parking stall. Violators will be towed at owner's and/or operator's expense.

18. **Street Parking.** As stated in the House Rules of LAULANI XIV, parking is not allowed on the roadways in LAULANI XIV.

19. No Representation as to Exact Size of Unit. The area of the Unit listed in the Sales Contract and in this Public Report is approximate. The area of the Unit, as reflected on the Condominium Map, is expressed as "net living area" square footage. This measurement represents the architect's best estimate of the square footage of the Unit measured from the interior of the Unit's perimeter walls. The Developer makes no representation as to the exact square footage of the Unit. Square footage figures quoted in the brochures for LAULANI are approximate only. Sales prices are not based solely on square footage figures.

The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

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 purchasers 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. The Developer hereby agrees promptly to amend this report to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

GENTRY HOMES, LTD.

Printed Name of Developer

By: _____ May 31, 2012

Duly Authorized Signatory* Date

DAWN SUYENAGA, Vice President/Secretary

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; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

EXHIBIT "A"

PARKING

Attached Garage:

Each LAULANI XIV Unit has an attached garage. The garage for all Units meets City and County of Honolulu standards to accommodate one full sized and one compact sized parking stall.

BUYERS WHO HAVE AN OVERSIZED VEHICLE (A VAN, A TRUCK) OR WHO HAVE MORE THAN ONE FULL SIZED VEHICLE SHOULD INSPECT THE GARAGE THOROUGHLY TO ENSURE THAT THE GARAGE CAN ACCOMMODATE THEIR VEHICLES.

Garages shall be used for parking operational vehicles only and for incidental storage.

Visitor Parking Stalls:

There are no visitor parking stalls in LAULANI XIV. Residents in LAULANI XIV will have access to visitor parking stalls within existing and future condominium communities in the Joint Development Area. Certain visitor parking stalls will be used for the placement of trash cans on trash collection days and the nights before trash collection days. Signs will be posted indicating the hours that the stalls are not available for use as a visitor parking stall. Violators will be towed at owner's and/or operator's expense.

Total Number of Parking Stalls in Project:

There are a total of eighteen (18) parking stalls in the Project. This number covers the parking stall allocation for the attached garages.

END OF EXHIBIT "A"

EXHIBIT "B"

PERMITTED ALTERATIONS TO UNITS

Additions, alterations or improvements solely within a Unit or within a limited common element appurtenant to and for the exclusive use of the Unit may be made with just the approval of the affected Unit owner(s) and the Board of Directors of the Association of Apartment Owners.

Units 330, 332, 333, 334 and 335 will be built with the five foot (5 ft.) deep version of the optional covered lanai.

Units 331, 336, 337 and 338, will be built with the seven foot (7 ft.) deep version of the optional covered lanai.

END OF EXHIBIT "B"

EXHIBIT "C"

UNIT DESCRIPTION AND COMMON INTEREST

Unit. No.	Plan Type	Net Living Area (sq. ft.)	Net Covered Entry (sq. ft.)	Net Garage Area (sq. ft.)	Common Interest
330	Trades, Plan 2M	1,234	61	422	11.11%
331	Trades, Plan 3	1,232	19	465	11.11%
332	Trades, Plan 4	1,375	19	429	11.115%
333	Trades, Plan 2M-R	1,234	61	422	11.11%
334	Trades, Plan 3R	1,232	19	465	11.11%
335	Trades, Plan 4R	1,375	19	429	11.115%
336	Trades, Plan 1R	1,151	19	446	11.11%
337	Trades, Plan 2	1,234	61	422	11.11%
338	Trades, Plan 3R	1,232	19	465	11.11%

As nearly as practicable, the common interest for each residential Unit was determined on a per Unit basis.

NOTE: An "R" next to the plan number designates a reverse floor plan.

DESCRIPTION OF FLOOR PLANS

Trades, Plan 1 (3 Bedroom, 2 ½ Bath)
Two story, three bedroom, two and one-half bath Unit with the kitchen, living room and half bathroom on the ground floor, connected by an interior stairway to the second floor, which has a master bedroom, master bathroom, two other bedrooms and an additional bathroom. The Unit also includes a covered entry and a two-car garage containing one standard and one compact parking stall. Certain Units may have a seven foot (7 ft.) deep covered lanai built off of the living room and an enlarged concrete slab, all as depicted on the Option 1 drawings of the Condominium Map. A five foot (5 ft.) deep covered lanai built off of the living room and an enlarged concrete slab is depicted on the Option 1A drawings of the Condominium Map. The Developer shall indicate when it files the "as-built" verified statement referenced in Section 18.3(a), which Units were built with the optional lanais. All Units have a fenced back yard limited common element. This type of Unit has a net living area of approximately 1,151 square feet, a net covered entry area of approximately 19 square feet and a net garage area of approximately 446 square feet.

Trades, Plan 2 (3 Bedroom, 2 ½ Bath)
Two story, three bedroom, two and one-half bath Unit with the kitchen, living room and half bathroom on the ground floor, connected by an interior stairway to the second floor, which has a master bedroom, master bathroom, two other bedrooms and an additional bathroom. The Unit also includes a covered entry and a two-car garage containing one standard and one compact parking stall. Certain Units may have a seven foot (7 ft.) deep covered lanai built off of the living room and an enlarged concrete slab, all as depicted on the Option 1 drawings of the Condominium Map. A five foot (5 ft.) deep covered lanai built off of the living room and an enlarged concrete slab is depicted on the Option 1A drawings of the Condominium Map. The Developer shall indicate when it files the "as-built" verified statement referenced in Section 18.3(a), which Units were built with the optional lanais. All Units have a fenced back yard limited common element. This type of Unit has a net living area of approximately 1,234 square feet, a net covered entry area of approximately 61 square feet and a net garage area of approximately 422 square feet.

Trades, Plan 2M (3 Bedroom, 2 ½ Bath)
Two story, three bedroom, two and one-half bath Unit with the kitchen, living room and half bathroom on the ground floor, connected by an interior stairway to the second floor, which has a master bedroom, master

bathroom, two other bedrooms and an additional bathroom. The Unit also includes a covered entry and a two-car garage containing one standard and one compact parking stall. Certain Units may have a seven foot (7 ft.) deep covered lanai built off of the living room and an enlarged concrete slab, all as depicted on the Option 1 drawings of the Condominium Map. A five foot (5 ft.) deep covered lanai built off of the living room and an enlarged concrete slab is depicted on the Option 1A drawings of the Condominium Map. The Developer shall indicate when it files the "as-built" verified statement referenced in Section 18.3(a), which Units were built with the optional lanais. All Units have a fenced back yard limited common element. This type of Unit has a net living area of approximately 1,234 square feet, a net covered entry area of approximately 61 square feet and a net garage area of approximately 422 square feet.

Trades, Plan 3 (4 Bedroom, 2 ½ Bath)
Two story, four bedroom, two and one-half bath Unit with the kitchen, dining room, living room and half bathroom on the ground floor, connected by an interior stairway to the second floor, which has a master bedroom, master bathroom, three other bedrooms and an additional bathroom. The Unit also includes a covered entry and a two-car garage containing one standard and one compact parking stall. Certain Units may have a seven foot (7 ft.) deep covered lanai built off of the living room and an enlarged concrete slab, all as depicted on the Option 1 drawings of the Condominium Map. A five foot (5 ft.) deep covered lanai built off of the living room and an enlarged concrete slab is depicted on the Option 1A drawings of the Condominium Map. Certain Units may have a Loft/Sitting area instead of a fourth bedroom as depicted on the Option 2 drawings of the Condominium Map. The Developer shall indicate when it files the "as-built" verified statement referenced in Section 18.3(a), which Units were built with the optional lanais and/or the optional loft/sitting room. All Units have a fenced back yard limited common element. This type of Unit has a net living area of approximately 1,232 square feet, a net covered entry area of approximately 19 square feet and a net garage area of approximately 465 square feet.

Trades, Plan 4 (4 Bedroom, 3 Bath)
Two story, four bedroom, three bath Unit with the kitchen, dining room, living room and a bathroom on the ground floor, connected by an interior stairway to the second floor, which has a master bedroom, master bathroom, three other bedrooms and an additional bathroom. The Unit also includes a covered entry and a two-car garage containing one standard and one compact parking stall. Certain Units may have a seven foot (7 ft.) deep covered lanai built off of the living room and an enlarged concrete slab, all as depicted on the Option 1 drawings of the Condominium Map. A five foot (5 ft.) deep covered lanai built off of the living room and an enlarged concrete slab is depicted on the Option 1A drawings of the Condominium Map. Certain Units may have a master retreat instead of a fourth bedroom as depicted on the Option 2 drawings of the Condominium Map. Certain Units may combine the master bedroom with the fourth bedroom to form a master suite as depicted on the Option 3 drawings of the Condominium Map. The Developer shall indicate when it files the "as-built" verified statement referenced in Section 18.3(a), which Units were built with the optional lanais and/or the optional master retreat and/or the optional master suite. All Units have a fenced back yard limited common element. This type of Unit has a net living area of approximately 1,375 square feet, a net covered entry area of approximately 19 square feet and a net garage area of approximately 429 square feet.

NOTE: The sizes and configurations of the fenced yard reflected on the Condominium Map are approximations only. Actual sizes and configurations may vary due to the placement and location of utilities and due to varying terrain surrounding each building.

END OF EXHIBIT "C"

EXHIBIT "D"

COMMON AND LIMITED COMMON ELEMENTS

COMMON ELEMENTS:

1. The land covered by Lot 19585, Map 1547 of Land Court Application 1069. The land is further described in Exhibit "A" of the Declaration. The encumbrances on the land are further described in Exhibit "E" of this Public Report.
2. All yards, grounds, planting areas, gates, fences, retaining walls (if any), trash collection areas and walkways;
3. All access lanes, roads, curbs, sidewalks and street lights;
4. Installations for services such as pipes, cables, conduits, ducts, electrical equipment, wiring and other central appurtenant transmission facilities and installations over, under or across the Project which serve more than one Unit for services such as power, light, gas, hot water, cold water, sewage, drainage, telephone, radio and television signal distribution, if any;
5. Any apparatus and installations existing for common use, such as tanks, pumps, irrigation lines, motors, fans, compressors, ducts, vents and other such installations and apparatus; and
6. All other parts of the Project necessary or convenient to its existence, maintenance and safety or normally in common use.

LIMITED COMMON ELEMENTS:

7. Yard areas as shown on the Condominium Map;
8. Driveway that adjoins the garage of the Unit;
9. Walkway that adjoins the entry to the Unit;
10. All other common elements that serve less than all of the Units in the Project.

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

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

2. Restrictions, covenants and conditions as contained in that certain Ewa by Gentry Community Area Declaration of Covenants, Conditions and Restrictions dated July 21, 1988, recorded in the Office of the Assistant Registrar, of the Land Court of the State of Hawaii ("Land Court") as Document No. 1568352, as amended by instrument dated May 30, 1989, recorded in the Office of said Assistant Registrar as Document No. 1652869, as further amended by instrument dated June 21, 1991, recorded in the Office of the Assistant Registrar as Document No. 1888053, and as may be further amended from time to time. The Property was made subject to the above Declaration of Covenants, Conditions and Restrictions by that certain Declaration of Addition of Real Property dated July 20, 2000, recorded in said Office of the Assistant Registrar as Document No. 2639394 (also affects other property). *[This is also referred to as the "Master Declaration".]*

3. Declaration of Land Use Conditions dated July 12, 1991, recorded in Land Court as Document No. 1836142. *[This Declaration states that the State of Hawaii Land Use Commission has reclassified the property as part of the State Land Use Urban District subject to the Developer building certain infrastructure, building residential units with appropriate sound attenuation measures, selling a certain portion of the development pursuant to an affordable housing program, setback requirements and archaeological/historic preservation requirements should any previously undiscovered artifacts be subsequently discovered.]*

4. Declaration of Covenant Regarding Non-Potable Water Wells dated May 19, 1993 and recorded in Land Court as Document No. 2032652. *[Developer is currently working with the appropriate parties to obtain a release of this document as it affects the property.]*

5. Unilateral Agreement and Declaration for Conditional Zoning dated July 12, 1994, recorded in Land Court as Document No. 2163448. *[This document was required by the City and County of Honolulu in order to obtain a change of zoning. It requires the Developer to develop and to submit to the City master site, drainage, landscape and affordable housing plans. It also requires the Developer to construct certain infrastructure and establishes an annual reporting requirement of Developer's progress in these areas.]*

6. The terms and provisions of that certain Short Form Memorandum of Infrastructure Plan dated June 15, 2000 and recorded in Land Court as Document No. 2634847. Said Short Form Memorandum was amended by that certain Short Form Memorandum of Amended and Restated Infrastructure Plan dated October 19, 2011 and recorded in said Office of the Assistant Registrar as Document No. 4106783. *[These documents will be released once the grants of easements covering the Private Drain Line and Shared Private Access Road described in Section 7 on Page 18d are executed and recorded.]*

7. Declaration of Confirmation of Restrictions, Reservations, Conditions and Covenants dated June 19, 2001, recorded in Land Court as Document No. 2728207. *[This Declaration limits the type of development that can be constructed on the property to residential use, including non-commercial recreational facilities, utilities, public or private schools, churches, parks, golf course, agricultural use, roadways, drainage and sewer facilities and other infrastructure necessary to serve a residential development. Reserves all subsurface water and water rights to the Estate of James Campbell, Deceased, except for the drilling of non-potable wells to service the property.]*

8. Declaration of Covenants, Conditions and Restrictions on Use and Reservations (Laulani Parcel) dated September 30, 2003, recorded in Land Court as Document No. 3002899. The rights and

obligations of the Trustees under the Will and of the Estate of James Campbell, deceased were assigned to James Campbell Company, LLC, a Delaware limited liability company by that certain Assignment Of Rights Under Declaration Of Covenants, Conditions And Restrictions On Use And Reservations (Laulani Parcel) and Under Limited Warranty Deed And Use Restrictions (Laulani Parcel) dated January 13, 2012 and recorded in Land Court as Document No. T-8061090. A certain covenant was released from the foregoing Declaration by that certain Release Of Encumbrance From Property And Certification of Approved Use dated January 13, 2012 and recorded in Land Court as Document No. T-8066010. *[This Declaration limits the type of development that can be constructed on the property to residential use, including non-commercial recreational facilities, utilities, public or private schools, churches, parks, golf course, agricultural use, roadways, drainage and sewer facilities and other infrastructure necessary to serve a residential development. Reserves all subsurface water and water rights to the Estate of James Campbell, Deceased, except for the drilling of non-potable wells to service the property.]*

9. Limited Warranty Deed and Use Restrictions (Laulani Parcel) dated September 30, 2003, recorded in said Office of the Assistant Registrar as Document No. 3002900. The rights and obligations of the Trustees under the Will and of the Estate of James Campbell, deceased were assigned to James Campbell Company, LLC, a Delaware limited liability company by that certain Assignment Of Rights Under Declaration of Covenants, Conditions And Restrictions On Use And Reservations (Laulani Parcel) and Under Limited Warranty Deed And Use Restrictions (Laulani Parcel) dated January 13, 2012 and recorded in Land Court as Document No. T-8061090. A certain covenant was released from the foregoing Deed by that certain Release Of Encumbrance From Property And Certification Of Approved Use dated January 13, 2012 and recorded in Land Court as Document No. T-8066010. *[This document reiterates the restrictions stated in Item 8 above and specifically references Document No. 3002899.]*

10. Declaration of Land Use Conditions dated February 9, 2004, recorded in said Office of the Assistant Registrar as Document No. 3068154. *[This Declaration states that the State of Hawaii Land Use Commission has reclassified the property as part of the State Land Use Urban District subject to the Developer building certain infrastructure, selling a certain portion of the development pursuant to an affordable housing program, setback requirements and archaeological/historic preservation requirements should any previously undiscovered artifacts be subsequently discovered.]*

11. Unilateral Agreement and Declaration for Conditional Zoning dated March 16, 2004, recorded in said Office of the Assistant Registrar as Document No. 3084363. *[This document was required by the City and County of Honolulu in order to obtain a change of zoning. It requires the Developer to develop and to submit to the City master site, drainage, landscape and affordable housing plans. It also requires the Developer to construct certain infrastructure and establishes an annual reporting requirement of Developer's progress in these areas.]*

12. Mortgage and Security Agreement dated August 1, 2004, made by and between Gentry Homes, Ltd. and Gentry Investment Properties, as Mortgagor, and Bank of Hawaii, as Agent, as Mortgagee, recorded as Document No. 3148449, as amended by Document No. 3532518. *[Developer will record a document to release this encumbrance prior to conveyance of a Unit to Buyer.]*

13. Assignment of Sales Contracts and Sales Proceed dated August 1, 2004, made by and between Gentry Homes, Ltd., a Hawaii corporation, as Assignor, and Bank of Hawaii, as Agent, as Assignee, recorded as Document No. 2004-162053, as amended by Document No. 2007-004498. *[Developer will record a document to release this encumbrance prior to conveyance of a Unit to Buyer.]*

14. Financing Statement recorded on August 9, 2004, made by Gentry Investment Properties and Gentry Homes, Ltd., as Debtor and Bank of Hawaii, as Agent, as Secured Party, recorded as

Document No. 2004-162054, as amended by Document No. 2009-071078. *[Developer will record a document to release this encumbrance prior to conveyance of a Unit to Buyer.]*

15. Unilateral Agreement and Declaration for Conditional Zoning dated May 24, 2006 and recorded in said Office of the Assistant Registrar as Document No. 3433308. *[This document was required by the City and County of Honolulu in order to obtain a change of zoning. It requires the Developer to develop and to submit to the City master site, drainage, landscape and affordable housing plans. It also requires the Developer to construct certain infrastructure and establishes an annual reporting requirement of Developer's progress in these areas.]*

16. Agreement for Issuance of Conditional Use Permit Under Section 21-5.380 of the Land Use Ordinance (LUO) dated July 18, 2008 and recorded in said Office of the Assistant Registrar as Document No. 3779579. *[This document, which is also referred to as the "Joint Development Agreement", allows multiple zoning lots to be treated as one zoning lot. The Joint Development Agreement was originally recorded on Lots 17871 and 17872, Map 1380, Land Court Application No. 1069. The area originally covered by Lots 17871 and 17872, Map 1380 is also referred to as the "Joint Development Area". Lot 17871 was later subdivided by various Land Court Maps including Map 1547, Land Court Application No. 1069. (LAULANI XIV is on Lot 19585, Map 1547, Land Court Application No. 1069.)]*

17. Declaration of Intent to Develop and Merge; Consent dated March 2, 2009, recorded in said Office of the Assistant Registrar as Document No. 3835206. *[This document reserves the right of Developer to create, hold and grant the easements that make up the Private Drain Line and Shared Private Access Road described in Section 7 on Page 18d. This document also reserves the right of Developer to merge the various condominium projects that are created within the Joint Development Area as described in Section 3 on Page 18. This document further reserves the right to obligate the Merged Association of LAULANI to assume Developer's obligation to maintain and repair the Private Drain Line and Shared Private Access Road.]*

18. Grant of Avigation and Noise Easement in favor of the State of Hawaii, Department of Transportation, Airports Division, dated October 8, 2010, recorded in said Office of the Assistant Registrar as Document No. 4013443. *[This document is described in Section 4(e) on page 18a.]*

19. Easement 10677, for access and utility purposes, as shown on Map 1547, Land Court Application No. 1069, as set forth by Land Court Order No. T-8099115 recorded on March 5, 2012.

20. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the Declaration of Condominium Property Regime of LAULANI XIV dated May 2, 2012 recorded in said Office of the Assistant Registrar as Document No. T-8163132, as the same may be amended from time to time and Condominium Map No. 2150, as the same may be amended from time to time.

21. By-Laws of the Association of Apartment Owners of LAULANI XIV dated May 2, 2012 and recorded in said Office of the Assistant Registrar as Document No. T-8163133, as the same may be further amended from time to time.

22. For real property taxes due and payable, refer to Director of Finance, City and County of Honolulu.

EXHIBIT "F"

DEVELOPER'S RESERVED RIGHTS TO CHANGE THE PROJECT AND THE DOCUMENTS

DEVELOPER'S RESERVED RIGHTS. The Developer's Reserved Rights outlined in this Exhibit "F" are necessary and/or helpful to developing LAULANI XIV in phases. The Developer may exercise the Developer's Reserved Rights stated in the Declaration separately or in one or more combinations and at one or more times, at the Developer's sole discretion. The Developer has no duty or obligation to exercise the Developer's Reserved Rights. The Developer may exercise the Developer's Reserved Rights until the expiration of the Development Period (as defined in the Declaration), unless otherwise specifically stated.

The Developer may exercise any of the Developer's Reserved Rights stated in this Exhibit "F" without being required to obtain the approval, consent, or joinder of anyone else and without the knowledge of anyone else. This includes but is not limited to the Association of Apartment Owners of LAULANI XIV (or the LAULANI AOAO if administratively merged with that association), any lender, or any other owner or other person acquiring an interest in LAULANI XIV. When a person or entity acquires an interest in a Unit or any other interest in LAULANI XIV, said person or entity automatically:

A. Takes said person's or entity's interest subject to the Developer's Reserved Rights and each and every exercise and/or assignment of them;

B. Acknowledges, approves, consents to, agrees to and accepts (i) the Developer's Reserved Rights and the exercise of them from time to time; (ii) that such exercise may change the Project; (iii) that such exercise may result in the recalculation of the common interest of some or all Units in some cases; (iv) that the Developer can file and/or record any and all documents that the Developer deems necessary or convenient to the exercise of its rights, including but not limited to any amendment to the condominium documents.

C. Agrees, promptly after being asked to do so, to join in, consent to, sign, have notarized, deliver and record all documents and do all other things that the Developer in its sole discretion determines to be necessary or convenient to the exercise of the Developer's Reserved Rights or to accomplish the purpose for which those rights were reserved (as determined by the Developer).

D. Appoints the Developer as said person's or entity's attorney-in-fact with full power of substitution to execute such documents and do such other things on said person's or entity's behalf, which grant of such power, being coupled with an interest, is irrevocable and shall not be affected by the disability of any such party. The Developer cannot use its power of attorney to waive or release any right an owner or other interested person might have under the Act, to cancel the purchase of a Unit, or to mortgage an owner's Unit.

1. Developer's Reserved Right To Create New Units. The Developer reserves the right, to create one or more new Units in the Project, to create additional floor plans/unit types and to create and designate common elements and limited common elements appurtenant to any new Unit. The Developer may do this more than once and at any time prior to the expiration of the Development Period.

2. Developer's Reserved Right To Construct New Improvements. The Developer reserves the right, to design, designate, develop, build, add to and complete new improvements in LAULANI XIV. The Developer may do this more than once and at any time prior to the expiration of the Development Period.

3. **Developer's Reserved Right To Effect Merger.** The Developer reserves the right to effect an administrative merger of all or a portion of the condominium communities developed in the Joint Development Area with LAULANI XIV pursuant to the terms of the Declaration of Intent to Develop and Merge. The new maintenance fee/voting allocation shall be as described in Section 4(b) of the Declaration of Intent to Develop and Merge.

4. **Developer's Reserved Right To Add Or Withdraw Land.** The Developer reserves the right to either add or withdraw real property from the Project by amending the Declaration, By-Laws and Condominium Map and any other documents that the Developer deems necessary or convenient to effect such addition or withdrawal of real property to LAULANI XIV.

5. **Developer's Reserved Right To Subdivide And/Or Consolidate Land.** The Developer reserves the right to subdivide the land and/or consolidate the land with other real property in order to effect the addition or withdrawal of land as described above by amending the Declaration, By-Laws, Condominium Map and any other document that the Developer deems necessary or convenient to effect such subdivision or consolidation.

6. **Developer's Reserved Right to Convey Recreation Center and Mail Center.** Developer has reserved the right in the LAULANI XIV Declaration to convey Lot 19001, Map 1525, Land Court Application No. 1069 which includes the Recreation Center and Mail Center referenced in Section 12 on Page 18f to the LAULANI AOAO and to any other associations of apartment owners in the Joint Development Area that have not been administratively merged into the LAULANI AOAO.

END OF EXHIBIT "F'

EXHIBIT "G"

ESTIMATED BUDGET AND INTITAL MAINTENANCE FEE SCHEDULE

1 05-30-2012

Laulani XIV
Estimated Budget and Inital Maintenance Fee Schedule for 9 units

	Monthly INCLUDING Rec Cntr	Annually INCLUDING Rec Cntr
Administration		
Tax Preparation/Audit	$ 4	$ 48
Legal Fees	$ 25	$ 300
Property Management/Accounting	$ 524	$ 6,283
Design Review	$ 20	$ 240
Mgmt. Office Expenses	$ 70	$ 840
Computer/Office Supplies	$ 10	$ 120
Education Expense	$ 7	$ 84
Condominium Registration	$ 16	$ 192
Miscellaneous Expenses(1)	$ 20	$ 240
Payroll & Benefits		
Site Management Service	$ 275	$ 3,300
Maintenance, Repair, Supplies		
Grounds/Yards & Common	$ 275	$ 3,300
Landscape/Irrigation Extras	$ 5	$ 60
Miscellaneous Repairs & Purchases(2)	$ 25	$ 300
Grounds/Tree Trimming	$ 5	$ 60
Pool Service	$ 20	$ 240
Rec Ctr/Pool supplies & maint	$ 10	$ 120
Pest Control - Rec Center Only	$ 5	$ 60
Security Suveillance	$ 5	$ 60
Utilities		
Electricity	$ 50	$ 600
Water - Potable (3)	$ 200	$ 2,400
Sewer	$ 700	$ 8,400
Irrigation Non-Potable Water (4)	$ 50	$ 600
Gas - Propane	$ 5	$ 60
Telephone - Office	$ 5	$ 60
Insurance		
Master Policy	$ 350	$ 4,200
Recreation Center Insurance Policy	$ 22	$ 264

Laulani XIV
Estimated Budget and Inital Maintenance Fee Schedule for 9 units

	Monthly INCLUDING Rec Cntr	Annually INCLUDING Rec Cntr
Taxes & Government Assessments		
Real Property Tax - Rec Center	$ 4	$ 45
GET	$ 3	$ 36
Reserves	$ 351	$ 4,212
Asphalt Overlay/Slurry Seal		
PVC & Aluminum Fencing/Gates		
Streetlights/Sidewalk Lighting		
Backflow Preventer		
Irrigation System Controls		
Painting		
Pool Deck Furniture		
Security System		
Office Equipment		
Kitchen Stations		
Pool Equipment		
Restrooms		
Pool Resurface (Tile/Coping)		
Asphalt Shingles		
Gutters & Downspouts		
Signs		
TOTAL DISBURSEMENTS	$ 3,060	$ 36,724
Monthly Maintenance Fee Amount	**$ 340.03**	**Per Unit**
(1) Recording secretary, tally clerk		
(2) Misc. fence, electric, light pole, signs, address light repairs, etc.		
(3) Potable water only. Used in homes and does not include irrigation		
(4) Non-Potable water used for common area irrigation		

Note: The foregoing maintenance fees do not include the dues payable to the Ewa By Gentry Community Association. At the present time those dues are $105 per quarter for a total of $420 per year.

CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

1. I am the President for Hawaiiana Management Company, Ltd., a Hawaii corporation, designated by the Developer of the Laulani XIV (Area 45 and 46) Condominium project (the "Project") to act as the Managing Agent for the management and administration of the Project.

2. I hereby certify that the breakdown of the initial estimated budget and maintenance fee schedule for each unit in the Project, as set forth in Exhibit "1" attached hereto and hereby incorporated herein by reference, were determined in accordance with Section 514B-148 of the Hawaii Revised Statutes and Chapter 107 of the Hawaii Administrative Rules, and are reasonable estimates for the one-year period commencing May 30, 2012, based on generally accepted accounting principles.

3. As permitted pursuant to Section 514B–148(b), new associations need not collect estimated 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.

DATED: Honolulu, Hawaii, this 31st day of May, 2012.

Name: J. Michael Hartley
Title: PRESIDENT

Subscribed and sworn to before me
this 31st day of May, 2012.

State of Hawaii
City & County of Honolulu

Date: May 31, 2012 # of Pages: 3

Doc. Description: Certificate of Managing Agent & Estimated Annual Disbursements for: Laulani XIV (Area 45 & 46)

5/31/2012
Notary Signature
Name: **Stephanie M. Angle**

No. & Expiration: 10-134

My commission expires: 6/13/2014
First Circuit, State of Hawaii

STEPHANIE M. ANGLE NOTARY 10-134 PUBLIC STATE OF HAWAII

NOTARY CERTIFICATION

DEVELOPER'S STATEMENT ON MAINTENANCE FEES

Developer advises that the costs and expenses of maintenance and operation of a condominium project are very difficult to estimate initially and even if such maintenance charges have been accurately estimated, such charges will tend to increase in an inflationary economy and as the improvements age. Maintenance charges can vary depending on services desired by owners and may increase significantly depending on the level of services eventually selected by the Association's Board. Buyer should also be aware that the estimates provided are as of the date reflected in the estimate and do not reflect the actual charges that may be incurred by Buyer once maintenance fees commence.

Developer will provide the owners in LAULANI XIV with written notice at least thirty (30) days prior to the maintenance fee commencement date.

Prior to the commencement of maintenance fees, Developer will record an Architect's "As-Built Certificate" in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

EXHIBIT "H"

SUMMARY OF SALES CONTRACT

The Sales Contract contains the price and other terms and conditions under which a Buyer will agree to buy a Unit in the Project. Among other things, the Sales Contract states the following:

1. Buyer must live in the Unit for at least 365 consecutive days.
2. Buyer has certain obligations if Buyer wants a mortgage loan to cover part of the purchase price.
3. Buyer's money will be held in escrow, under the terms of the Escrow Agreement.
4. Buyer will not receive interest on deposits made under the Sales Contract.
5. The Unit will be subject to various legal documents which Buyer should examine.
6. The Project will be subject to ongoing construction and sales activities which may result in certain annoyances to Buyer.
7. Seller has no control over certain activities on nearby property owned by others including agriculture, recreation, military, utility and aviation. These activities may cause some inconveniences to Buyer. The Sales Contract includes an indemnity pursuant to which Buyer agrees to indemnify Seller and the owners of the nearby properties with respect to claims arising from or relating to activities, events and conditions occurring within LAULANI and/or the nearby properties, except in cases of gross negligence, willful misconduct or violation of applicable law by the party to be indemnified.
8. The Sales Contract will become binding on Buyer and Seller when (i) Seller has delivered to Buyer a public report and all applicable amendments and components with an effective date issued by the Hawaii Real Estate Commission, the condominium project's recorded declaration, recorded by-laws, executed house rules, a letter-sized condominium map and any applicable amendments to those documents, (ii) Seller has delivered to Buyer a notice of Buyer's 30-day cancellation right on a form prescribed by the Real Estate Commission (the "Notice"), upon which Buyer may indicate that Buyer has had an opportunity to read the public report, understands the public report, and exercises the right to cancel the Sales Contract or waives the right to cancel the Sales Contract and (iii) Buyer has waived Buyer's right to cancel the Sales Contract or is deemed to have waived the right to cancel the Sales Contract.
9. In the event of default prior to closing under the Sales Contract:
   By Buyer:
   a. Seller may cancel the Sales Contract and retain Buyer's initial deposit;
   b. Seller may file a lawsuit for damages;
   c. Seller may file a lawsuit for "specific performance";
   d. Seller may take advantage of any other rights that the law allows or that Seller may have under the Sales Contract; and
   e. Buyer shall be responsible for expenses incurred.

   By Seller:
   a. Buyer may file a lawsuit for "specific performance";
   b. Buyer may cancel the Sales Contract and Seller will return all deposits, without interest; and
   c. Buyer has all remedies available at law and in equity.

EXHIBIT "I"

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement describes the arrangement under which the deposits a Buyer makes under a Sales Contract will be held by a neutral party ("Escrow"). The following are relevant terms stated in the Escrow Agreement:

1. Interest on Buyer's deposits will accrue in favor of the Seller and not the Buyer unless the parties specifically provide otherwise.

2. Escrow will arrange for Buyer to sign all necessary documents.

3. The Escrow Agreement describes the conditions upon which a refund will be made to Buyer.

4. The Escrow Agreement describes what will happen to a Buyer's funds if a party defaults under the Sales Contract.

5. The Escrow Agreement contains various other provisions and establishes certain charges with which the Buyer should become acquainted.

6. The Escrow Agreement provides that upon receipt of the following, Escrow may close a sale:

   a. the Unit deed in recordable form executed by the Seller and the Buyer;

   b. the full amount of the purchase price of the Unit as stated in the Sales Contract;

   c. any mortgage securing payment by the Buyer;

   d. the Buyer's share of the closing costs

   e. any additional sums to be paid by the Buyer under the Sales Contract;

   f. any releases or partial releases of any mortgage, financing statement or other encumbrances on the Unit required to be paid or released under Section 514B-45 of the Hawaii Revised Statutes, as amended.

END OF EXHIBIT "I"

EXHIBIT "J"

CONSTRUCTION WARRANTIES

Building and Other Improvements: The Unit and related common elements will be covered by a Limited Warranty. The Limited Warranty will be for a ten (10) year period which will commence on the recording date of the deed to the Buyer. The coverage amount will be the base sales price of the Unit. The Limited Warranty will be substantially similar to the sample Limited Warranty attached as Exhibit "J-1" to this Public Report. The Developer reserves the right to make changes to the Limited Warranty without further notification to Buyer. The Developer's obligations under the Limited Warranty are expressly conditioned on prompt notification by Buyer or the Association to the Developer of any defects in the Unit. In addition, Developer will not be responsible for damage to the Unit or common elements arising out of the failure of Buyer or the Association to take reasonable and prudent steps to maintain the property or to prevent damage or further damage to the Property. **ROUTINE MAINTENANCE WORK IS NOT COVERED BY ANY WARRANTY.**

Appliances: Warranties on appliances furnished with a Unit are not provided by the Developer. The execution and delivery of the Unit deed will operate as an assignment from the Developer to the Buyer of the respective manufacturer's or dealers' warranties, if any.

END OF EXHIBIT "J"

HOME BUILDER'S LIMITED WARRANTY

Administered by Professional Warranty Service Corporation ("PWC")

SAMPLE

TABLE OF CONTENTS

Introduction

Section I. Warranty Coverage
Section II. OUR Warranty Obligations
Section III. Homeowner Maintenance Obligations
Section IV. Coverage Limitations
Section V. Exclusions
Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY
Section VII. Binding Arbitration Procedure
Section VIII. General Conditions
Section IX. Definitions

Binding Arbitration Request Form

Subsequent Home Buyer Acknowledgment and Transfer form

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION, WHICH MAY BE ENFORCED BY EITHER PARTY

PWC FORM NO. 117 SAMPLE Rev. 01/2007

Throughout this **HOME BUILDER'S LIMITED WARRANTY**, referred to hereinafter as the "**LIMITED WARRANTY**", the words "**YOU**" and "**YOUR**" refer to the **HOMEOWNER**, including any subsequent owners, and, where applicable, a **HOMEOWNERS ASSOCIATION**. The words "**WE**", "**US**" and "**OUR**" refer to the **BUILDER**. The other words and phrases which appear in boldface uppercase type also have special meaning. Refer to the **Section IX. Definitions**, so that **YOU** will understand the terminology applicable to this **LIMITED WARRANTY**.

This **LIMITED WARRANTY** establishes an agreed method for determining when a **CONSTRUCTION DEFECT** exists and a clear understanding of **OUR** responsibilities for remedying any such **CONSTRUCTION DEFECT**. This **LIMITED WARRANTY** also helps distinguish a **CONSTRUCTION DEFECT** that is **OUR** responsibility from those minor imperfections that can reasonably be expected in a **HOME** or the **COMMON ELEMENTS**, or that result from normal wear and tear or the neglect of routine **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance responsibilities.

This **LIMITED WARRANTY** contains the procedures **YOU** must use to notify **US** of a condition in **YOUR HOME** or the **COMMON ELEMENTS** which **YOU** believe may constitute a **CONSTRUCTION DEFECT**. In the event a condition occurs in the **HOME** or the **COMMON ELEMENTS** that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, **YOU** agree to submit any request for warranty performance in accordance with the procedure described in this **LIMITED WARRANTY**. Based on the information **YOU** provide and, where **WE** deem it necessary, information obtained from **OUR** onsite investigation, inspection and/or testing of the **HOME** or the **COMMON ELEMENTS**, **WE** will determine whether **WE** agree with **YOU** that the condition constitutes a **CONSTRUCTION DEFECT**. If **WE** determine that the condition reported by **YOU** is a **CONSTRUCTION DEFECT**, **WE** will remedy the condition in accordance with the remedies prescribed in this **LIMITED WARRANTY**. **WE** will make this determination in accordance with **Section II, OUR Warranty Obligations**, contained in this **LIMITED WARRANTY**.

THIS **LIMITED WARRANTY** PROVIDES THAT ANY AND ALL CLAIMS AND DISPUTES BETWEEN **YOU** AND **US** WHICH **YOU** AND **WE** ARE UNABLE TO RESOLVE BY MUTUAL AGREEMENT, SHALL BE RESOLVED SOLELY AND EXCLUSIVELY THROUGH FINAL AND BINDING ARBITRATION IN ACCORDANCE WITH THE TERMS AND PROCESS DESCRIBED WITHIN THIS DOCUMENT. BY THIS AGREEMENT, BOTH **YOU** AND **WE** ARE WAIVING THE RIGHT TO LITIGATE DISPUTES IN COURT.

To the extent permitted by law, all express or implied warranties other than this **LIMITED WARRANTY**, including any oral or written statement or representation made by **US** or any other person, and any implied warranty of habitability, merchantability or fitness for a particular purpose, are hereby disclaimed by **US** and are waived by **YOU**. **YOUR** only remedy in the event of a **CONSTRUCTION DEFECT** in or to the **HOME** or the **COMMON ELEMENTS** or to the real property on which the **HOME** or the **COMMON ELEMENTS** is situated is that provided to **YOU** under this **LIMITED WARRANTY**.

Enclosed with this **LIMITED WARRANTY** is a Limited Warranty Validation Form. The Limited Warranty Validation Form is a part of the **LIMITED WARRANTY** and provides the dates on which the warranty coverage period begins and expires. It is important that this form be retained with the **LIMITED WARRANTY**.

WE have contracted with **PWC** for certain administrative services relative to this **LIMITED WARRANTY**. **PWC's** sole responsibility is to provide administrative services as set forth herein. Under no circumstances or conditions is **PWC** responsible for fulfilling **OUR** obligations under this **LIMITED WARRANTY**.

There may be instances where an additional **PWC** administered Builder's Limited Warranty is issued together with this **LIMITED WARRANTY**. If both of these warranties are issued to **YOU**, **YOU** agree to request warranty performance under either warranty relative to warrantable issues on the **HOME** or the **COMMON ELEMENTS**. **YOU** may not collect twice relative to the same issue.

If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not

affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. Any dispute as to the enforceability of any provision of this **LIMITED WARRANTY**, including any dispute as to the scope or enforceability of the arbitration provision contained herein, shall be determined by binding arbitration as provided for in this **LIMITED WARRANTY**.

I. Warranty Coverage

Coverage under this **LIMITED WARRANTY** is expressly limited to **CONSTRUCTION DEFECTS** which occur during the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form and which are reported by **YOU** in accordance with the notification requirements of **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**. **OUR** obligations under this **LIMITED WARRANTY** apply to workmanship actually performed and materials actually installed in the **HOME** or the **COMMON ELEMENTS**. Any failure by **US** to complete construction of the **HOME** or **COMMON ELEMENTS**, where such failure is apparent and obvious, is not covered by this **LIMITED WARRANTY** and is not a **CONSTRUCTION DEFECT**.

During the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form, **WE** warrant that the **HOME** and the **COMMON ELEMENTS** will be free of **CONSTRUCTION DEFECTS**. **OUR** obligation to perform under this **LIMITED WARRANTY** requires that **WE** must receive written notice from **YOU** of the alleged **CONSTRUCTION DEFECT** as soon as reasonably possible after **YOU** become aware of a **CONSTRUCTION DEFECT** but not later than thirty (30) days after the expiration of the coverage. Telephonic or face-to-face discussion is not a substitute for required written notice and will not protect **YOUR** rights under this **LIMITED WARRANTY** (see **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**).

II. OUR Warranty Obligations

Upon **OUR** timely receipt of written notice from **YOU** alleging a **CONSTRUCTION DEFECT** during the **WARRANTY PERIOD**, **WE**, or parties acting on **OUR** behalf, will, where **WE** deem it necessary, inspect, investigate and/or test (including destructive testing) the condition alleged to be a **CONSTRUCTION DEFECT**. If **WE** determine that a **CONSTRUCTION DEFECT** exists, **WE**, or parties acting on **OUR** behalf, will (1) repair or replace the **CONSTRUCTION DEFECT**, (2) pay to **YOU** the actual amount it would cost **US** to repair or replace the **CONSTRUCTION DEFECT**, or (3) pay to **YOU** an amount equal to the diminution in fair market value caused by the uncorrected **CONSTRUCTION DEFECT**. Subject to the limitations described in **Section IV. Coverage Limitations**, if the **HOME** is rendered temporarily uninhabitable by a **CONSTRUCTION DEFECT** or by work necessary to repair a **CONSTRUCTION DEFECT**, **WE** shall pay the reasonable cost for **YOUR** alternate shelter until the **HOME** is restored to a habitable condition. Additionally, in connection with **OUR** remedy of a **CONSTRUCTION DEFECT**, and subject to the limitations described in **Section IV. Coverage Limitations**, **WE** shall repair, replace or pay the reasonable cost for:

- Those surfaces, finishes and coverings that are part of the **HOME** and that are damaged directly by a **CONSTRUCTION DEFECT** or that are damaged in the course of **OUR** repair of a **CONSTRUCTION DEFECT**.
- Home furnishings, carpet or personal property damaged directly by the **CONSTRUCTION DEFECT**.

The decision to repair, replace, or to make payment in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole discretion. These remedies are **OUR** only obligations under this **LIMITED WARRANTY**.

A. Standards By Which the Existence of a CONSTRUCTION DEFECT Will Be Determined:

The following factors will be considered in determining whether a condition constitutes a **CONSTRUCTION DEFECT**. If **WE** dispute the existence of a **CONSTRUCTION DEFECT** and that dispute is submitted to binding arbitration, the parties agree these same factors will be considered by the arbitrator:

1. Any performance standards, tolerances or guidelines contained in documents provided to **YOU** by **US** at or prior to closing on the **HOME** or, in the case of a **HOMEOWNERS ASSOCIATION**, prior to transferring title or control to all the **COMMON ELEMENTS**. In the absence of a specific standard, tolerance or guideline in the documents for a condition occurring during the first year of the **WARRANTY PERIOD**, the Residential Construction Performance Guidelines published by the National Association of Home Builders, in effect at the time of construction of the **HOME** or, in the case of the **HOMEOWNERS ASSOCIATION**, at the time of construction of the **COMMON ELEMENTS**, shall apply. If no specific standard, tolerance or guideline is contained in any of the documents identified above, generally accepted local building practices and standards shall apply.

2. Consideration as to whether the condition:
   - materially affects the structural integrity of the **HOME** or **COMMON ELEMENTS**; or
   - has an obvious and material negative impact on the appearance of the **HOME** or **COMMON ELEMENTS**; or
   - jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
   - results in the inability of the **HOME** or a **COMMON ELEMENT** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

3. Consideration as to whether a condition is the result of normal wear and tear. Conditions that are normal wear and tear or that are caused by normal wear and tear are not **CONSTRUCTION DEFECTS**.

4. Consideration as to whether the condition was caused by, or in any way resulted from, the failure of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** to perform normal or routine maintenance. Any condition that is determined to be a **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance issue, or any condition that results from improper or inadequate **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance, is not a **CONSTRUCTION DEFECT**;

5. Consideration as to whether the condition was caused by persons or entities other than **US** or someone acting on **OUR** behalf. Damage caused by persons or entities other than **US** or someone acting on **OUR** behalf is not a **CONSTRUCTION DEFECT**. For example, a large, visible scratch on marble tile in the entry foyer that was not noted in the pre-closing walk through inspection, but was reported after furniture was moved into the **HOME**, will not be considered a **CONSTRUCTION DEFECT**;

6. Recognition that any condition resulting directly or indirectly from or worsened by changes, additions, alterations or other actions or omissions by persons or entities other than **US** or someone acting on **OUR** behalf, will not be considered a **CONSTRUCTION DEFECT** (this includes, for example, changes to the topography, drainage or grade of the property);

7. Any **Exclusions** contained in this **LIMITED WARRANTY**.

SAMPLE

III. Homeowner Maintenance Obligations

Maintenance of the **HOME** and the **COMMON ELEMENTS** is **YOUR** responsibility. All homes and common elements require periodic maintenance to prevent premature deterioration, water intrusion, and to ensure adequate performance of the **SYSTEMS**. **WE** will make a "Homeowner Maintenance Manual" or similar publication available to **YOU** upon request. Whether from this document or others that are readily available to **YOU**, **YOU** must understand and perform the maintenance that the **HOME** and **COMMON ELEMENTS** require. **WE** are not responsible for **HOME** or **COMMON ELEMENTS** maintenance issues or for damage that results from **YOUR** failure to maintain the **HOME** or the **COMMON ELEMENTS**.

IV. Coverage Limitations

Surfaces, finishes and coverings in the **HOME** which require repair due to damage caused by a **CONSTRUCTION DEFECT**, or such damage caused in the course of **OUR** repair of a **CONSTRUCTION DEFECT**, shall be repaired and restored to approximately the same condition as existed prior to the **CONSTRUCTION DEFECT**, but not necessarily to a like new condition. When repairing or replacing surfaces, finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to such factors as fading, aging and unavailability of the same materials.

Home furnishings, carpet or personal property damaged by a **CONSTRUCTION DEFECT** shall be repaired or replaced at market value of the item at the time of damage. "Market value" shall mean the amount it would cost to repair or replace the damaged item with material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

Alternate shelter during such time as the **HOME** is uninhabitable due to a **CONSTRUCTION DEFECT** or uninhabitable during work to repair a **CONSTRUCTION DEFECT**, shall be limited to those shelter costs expressly pre-approved by **US** or **OUR** designated representative.

V. Exclusions

A. This **LIMITED WARRANTY** does not cover:

1. Any loss or damage resulting, either directly or indirectly, from the following causes, or occurring in the following situations:

   a. Fire (unless caused by a **CONSTRUCTION DEFECT**);
   b. Lightning;
   c. Explosion (unless caused by a **CONSTRUCTION DEFECT**);
   d. Riot and Civil Commotion;
   e. Smoke (unless resulting from a **CONSTRUCTION DEFECT**);
   f. Hail;
   g. Aircraft;
   h. Falling Objects;
   i. Vehicles;
   j. Floods;
   k. Earthquake;
   l. Landslide or mudslide originating on property other than the site of the **HOME** or the **COMMON ELEMENTS** or other property developed by the **BUILDER**;

SAMPLE

m. Mine subsidence or sinkholes;
n. Changes in the underground water table not reasonably foreseeable by the **BUILDER**;
o. Volcanic eruption; explosion or effusion;
p. Wind including:
(i). Gale force winds;
(ii). Hurricanes;
(iii). Tropical storms;
(iv). Tornadoes;
(v). Rain or water intrusion or moisture within the **HOME** resulting from any wind forces described in p. (i) – (iv) above.
q. Insects, animals or vermin;
r. Changes to the grading of the ground, or the installation or alteration of improvements such as drain or gutter outlets by anyone other than **US** or **OUR** agents, or subcontractors which results in surface drainage towards the **HOME**, or other improper drainage that permits water to pond or become trapped in localized areas or against the foundation;
s. Changes, additions, or alterations made to the **HOME** or the **COMMON ELEMENTS** by anyone after the **WARRANTY PERIOD** begins, except those made or authorized by **US**;
t. Any defect in material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors, including any loss or damage to the **HOME** or the **COMMON ELEMENTS** resulting from material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors;
u. Improper maintenance, negligence or improper use of the **HOME** or the **COMMON ELEMENTS** by **YOU** or anyone other than **US** that results in rot, dry rot, moisture, rust, mildew or any other damage;
v. Dampness or condensation due to **YOUR** failure to maintain adequate ventilation;
w. Damage resulting from the weight and/or performance of any type of waterbed or other furnishings which exceeds the load-bearing design of the **HOME** or the **COMMON ELEMENTS**;
x. Normal wear and tear or normal deterioration of materials;
y. Economic damages due to the **HOME'S** or the **COMMON ELEMENTS'** failure to meet expectations of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION**.

2. Any loss or damage resulting from the actual, alleged or threatened discharge, dispersal, release or escape of **POLLUTANTS**. **WE** will not cover costs or expenses arising from the uninhabitability of the **HOME** or the **COMMON ELEMENTS** or health risk due to the proximity of **POLLUTANTS**. **WE** will not cover costs, or expenses resulting from the direction of any governmental entity to test, clean-up, remove, treat, contain or monitor **POLLUTANTS**;

3. Any loss or damage resulting from the effects of electromagnetic fields (EMF's) or radiation;

4. Any damage to personal property that does not result from a **CONSTRUCTION DEFECT**;

5. Any **CONSEQUENTIAL OR INCIDENTAL DAMAGES**;

6. Any **CONSUMER PRODUCTS**;

7. Any **CONSTRUCTION DEFECT** as to which **YOU** have not taken timely and reasonable steps to protect and minimize damage after **WE** or **OUR** authorized representative have provided **YOU** with authorization to prevent further damage;

8. Any damage to the extent it is incurred after or as a result of **YOUR** failure to notify **US** in the manner and time required under this **LIMITED WARRANTY**;

9. Any costs or obligations paid or incurred by **YOU** in violation of **Section VI. C.** below;

SAMPLE

10. Any non-conformity with local building codes, regulations or requirements where the condition does not meet the definition of a **CONSTRUCTION DEFECT**. While **WE** acknowledge **OUR** responsibility to build in accordance with applicable building codes, this **LIMITED WARRANTY** does not cover building code violations in the absence of a **CONSTRUCTION DEFECT**;

11. Any deviation from plans and specifications where the condition does not meet the definition of a **CONSTRUCTION DEFECT**.

B. **OUR LIMITED WARRANTY** does not cover any **CONSTRUCTION DEFECT** which would not have occurred in the absence of one or more of the excluded events or conditions listed in the Exclusions above, regardless of:

1. The cause of the excluded event or condition;

2. Other causes of the loss or damage; or

3. Whether other causes acted concurrently or in any sequence with the excluded event or condition to produce the loss or damage.

SAMPLE

VI. Procedure to Request US To Perform Under This LIMITED WARRANTY

If **YOU** become aware of a condition that **YOU** believe is a **CONSTRUCTION DEFECT** under this **LIMITED WARRANTY**, **YOU** have the following responsibilities:

A. Notification

YOU must notify **US** in writing as soon as reasonably possible after **YOU** become aware of a condition that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, but in no event may **YOUR** written notice of a **CONSTRUCTION DEFECT** or **YOUR** written request for warranty performance be received by **US** later than thirty (30) days after this **LIMITED WARRANTY** has expired. This extended period for providing notice of a **CONSTRUCTION DEFECT** shall not operate to extend the **WARRANTY PERIOD**.

If the written notice is received by **US** more than thirty (30) days after the expiration of this **LIMITED WARRANTY**, **WE** shall have no obligation to remedy the **CONSTRUCTION DEFECT**. Because of the importance of this written notice requirement, **WE** recommend that notice always be sent by Certified Mail, return receipt requested, in order to establish a record.

B. Cooperate With US

YOU must give **US** and any third parties acting on **OUR** behalf reasonable help in inspecting, investigating, testing (including destructive testing), monitoring, repairing, replacing or otherwise correcting an alleged **CONSTRUCTION DEFECT**. Help includes, but is not limited to, granting reasonable access to the **HOME** or **COMMON ELEMENTS** for the forgoing purposes. If **YOU** fail to cooperate or provide **US** reasonable access to the **HOME** or **COMMON ELEMENTS**, **WE** will have no further obligation under this **LIMITED WARRANTY**.

C. Do Not Make Voluntary Payments

YOU agree not to make any voluntary payments or assume any obligations or incur any expenses for the remedy of a condition **YOU** believe is a **CONSTRUCTION DEFECT** without prior written approval from **US**, or other parties authorized to act on **OUR** behalf. **WE** will not reimburse **YOU** for costs incurred where **YOU** did not obtain prior written approval.

However, **YOU** may incur reasonable expenses in making repairs in an **EMERGENCY CONDITION** without prior written approval, provided the repairs are solely for the protection of the **HOME** or **COMMON ELEMENTS** from further damage or to prevent an unsafe living condition and provided **YOU** notify **US** as soon as is reasonably possible. To obtain reimbursement for repairs made during an **EMERGENCY CONDITION**, **YOU** must provide **US** with an accurate written record of the repair costs.

D. Sign A Release

When **WE** or a third party acting on **OUR** behalf have completed repairing, replacing or paying **YOU** as to any **CONSTRUCTION DEFECTS** and related damage covered by this **LIMITED WARRANTY**, **YOU** may be requested to sign a full release of **OUR** obligation for the **CONSTRUCTION DEFECTS**. The release shall be applicable to the **CONSTRUCTION DEFECTS** and shall not prevent **YOU** from notifying **US** should **YOU** become aware of a subsequent **CONSTRUCTION DEFECT**.

E. If YOU Disagree With US

If **YOU** believe **WE** have not satisfactorily responded to **YOUR** request for warranty performance or satisfactorily worked with **YOU** to resolve any other claim or dispute between **YOU** and **US**, **YOU** should provide written notice to **PWC** requesting Mediation. Upon **PWC's** receipt of written notice from **YOU**, **PWC** may review and mediate **YOUR** request. **PWC** may communicate with **YOU**, **US**, and any other individuals or entities that **PWC** believes may possess relevant information. If after forty-five (45) days, **PWC** is unable to successfully mediate **YOUR** claim or dispute, or at any earlier time when **PWC** determines that **YOU** and **WE** are at an impasse, **PWC** will notify **YOU** that **YOUR** request remains unresolved and that **YOU** may elect to initiate binding arbitration. Binding arbitration as described in the following section is the sole remedy for the resolution of disputes between **YOU** and **US**.

VII. Binding Arbitration Procedure

Following commencement of the **WARRANTY PERIOD**, any claim, controversy or dispute (hereafter collectively referred to as "dispute") between **YOU** and **US**, or parties acting on **YOUR** or **OUR** behalf, including **PWC**, and any successor, or assign of either **YOU** or **US**, which relates to or arises from this **LIMITED WARRANTY**, or the design or construction of the **HOME** or the **COMMON ELEMENTS**, or the sale of the **HOME** or transfer of title to the **COMMON ELEMENTS**, will be resolved solely by binding arbitration and not through litigation in court before a judge or jury. This agreement to arbitrate is intended to inure to the benefit of, and be enforceable by **OUR** contractor, subcontractors, agents, vendors, suppliers, design professionals, materialmen, and any of **OUR** direct or indirect subsidiaries or related entities alleged to be responsible for any **CONSTRUCTION DEFECT**. Disputes subject to binding arbitration include, but are not limited to:

A. Any disagreement that a condition in the **HOME** or the **COMMON ELEMENTS** is a **CONSTRUCTION DEFECT**;

B. Any disagreement as to the method or scope of repair required to correct a **CONSTRUCTION DEFECT** or whether a **CONSTRUCTION DEFECT** has been corrected in compliance with this **LIMITED WARRANTY**;

C. Any alleged breach of this **LIMITED WARRANTY**;

D. Any alleged violation of consumer protection, unfair trade practice, or any other statute;

E. Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and any other claims arising in equity or from common law;

F. Any dispute concerning the interpretation of this arbitration provision or the arbitrability of any issue;

G. Any dispute concerning the timeliness of **OUR** performance and/or **YOUR** notifications under this **LIMITED WARRANTY**;

H. Any dispute as to the payment or reimbursement of the arbitration filing fee;

I. Any dispute as to whether this **LIMITED WARRANTY**, or any provision hereof, including, but not limited to, this arbitration clause and any waiver hereunder, is enforceable;

J. Any other claim arising out of or relating to the sale, design or construction of **YOUR HOME** or the **COMMON ELEMENTS**, including, but not limited to any claim arising out of, relating to or based on any implied warranty or claim for negligence or strict liability not effectively waived by this **LIMITED WARRANTY**.

The arbitration shall be conducted by DeMars and Associates, Ltd. (www.demarsassociates.com) pursuant to its Construction Arbitration Program ("CAP"), or by such other neutral, independent arbitration service that **PWC** shall appoint. If **YOU** object to the arbitration service appointed by **PWC**, **YOU** must so inform **PWC**, in writing, within ten (10) days of **YOUR** receipt of **PWC's** written notice informing **YOU** of the appointed arbitration service. **PWC** will then appoint an alternative neutral arbitration service provider. If **YOU** object to this alternative provider and if **YOU** and **WE** are unable to agree on another alternative, then either party may, pursuant to the applicable provisions of the Federal Arbitration Act (9 U.S.C.S. 1, et seq.), apply to a court of competent jurisdiction to designate an arbitration service provider, which designation shall be binding upon the parties. Selection of the arbitrator shall be the responsibility of the appointed arbitration service. The rules and procedures of the arbitration service, including its rules and procedures pertaining to its selection of the arbitrator who will conduct the arbitration, that are in effect at the time the request for arbitration is submitted will be followed unless the parties expressly agree otherwise. **PWC** will obtain and provide to **YOU** and **US**, upon request, the rules and procedures of the arbitration organization appointed to administer the arbitration. The arbitration service finally appointed or designated as aforesaid shall administer the arbitration of any and all disputes required to be joined under the law.

This arbitration agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by and interpreted under the Federal Arbitration Act now in effect and as it may be hereafter amended (the "FAA") to the exclusion of any inconsistent state law, regulation or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

Each party shall bear its own attorney's fees and costs (including expert's costs) for the arbitration. If **YOU** initiate the arbitration request, the arbitration filing fee and other fees charged by the arbitration service shall be divided and paid equally by **YOU** and **US**, unless **YOU** and **WE** have otherwise agreed in writing to a different allocation. If **WE** initiate the request for arbitration, **WE** shall pay the entire arbitration filing fee as well as all other fees charged by the arbitration service.

As part of any arbitration award, the arbitrator may, at his/her discretion, direct that **WE** reimburse **YOU** some or all of the arbitration filing fee and other arbitration fees **YOU** paid to the arbitration service, but under no circumstances shall **YOU** be required to reimburse **US** any portion of the arbitration filing fee and other arbitration fees **WE** paid.

Arbitration filing fees and other arbitration fees vary among arbitration service providers. Before submitting a Binding Arbitration Request Form, **YOU** may contact **PWC** to obtain information on the fees charged by the appointed arbitration service provider. The arbitration service's filing fee and other arbitration fees in effect at the time arbitration is requested shall apply.

The process for initiating arbitration is described below.

Step 1 The Initiating Party Completes A Binding Arbitration Request Form And Mails It To **PWC** Along With Their Share Of The Arbitration Filing Fee. A Binding Arbitration Request Form is attached to this **LIMITED WARRANTY**. **YOUR** Binding Arbitration Request Form must be received by **PWC** no later than ninety (90) days after the **WARRANTY PERIOD** expires. Please Note that while **YOU** have ninety (90) days after the **WARRANTY PERIOD** expires to file for arbitration, this time period does not extend the **WARRANTY PERIOD** for **CONSTRUCTION DEFECTS**. Additionally, no investigation, inspection, testing, repair, replacement, or payment, nor any promise of same by **US** under this **LIMITED WARRANTY**, nor any dispute resolution efforts, shall extend the term of this **LIMITED WARRANTY** or extend or toll any statutes of limitations or any of **YOUR** rights or remedies.

Step 2 The Arbitration Service Will Arrange For The Arbitration. The arbitrator or arbitration organization will notify **YOU** and **US** of the time, date and location of the arbitration hearing. If the dispute involves the allegation of a **CONSTRUCTION DEFECT** or **OUR** performance under this **LIMITED WARRANTY**, most often the hearing will be conducted at the **HOME** or, if applicable, the location of the **COMMON ELEMENTS**. Other disputes between **YOU** and **US** that are subject to arbitration, but which do not include a **CONSTRUCTION DEFECT** claim, may be scheduled for hearing at the **HOME** or another location within the county where the **HOME** is located. In scheduling the hearing the arbitrator will set a time and date that is reasonably convenient to all the parties.

Step 3 The Arbitration Hearing. The parties at the arbitration hearing will include the arbitrator, **YOU**, **US** and/or a third party designated by **YOU** or **US** or acting on **YOUR** or **OUR** behalf. Any party to the proceeding may be represented at the hearing. All persons who are parties to the arbitration, as well as representatives and witnesses, are entitled to attend hearings.

After evidence is presented by **YOU**, **US** or **YOUR** or **OUR** representatives, a decision will be rendered by the arbitrator. The decision is final and binding on **YOU** and **US**. The arbitrator may grant any remedy, including statutory remedies, and other relief that the arbitrator deems just and equitable and within the scope of this **LIMITED WARRANTY** or other applicable agreements.

The arbitrator will decide any dispute between the parties, as described above. Where a **CONSTRUCTION DEFECT** is alleged the arbitrator will determine whether the alleged **CONSTRUCTION DEFECT** exists and whether it is **OUR** responsibility. If the arbitrator finds **US** responsible for a **CONSTRUCTION DEFECT**, **WE** shall be obligated to perform in accordance with **OUR Warranty Obligations** as described in **Section II** above.

In connection with a **CONSTRUCTION DEFECT** dispute, the arbitrator retains jurisdiction and authority to decide any dispute as to the required scope of repair and the cost to repair the **CONSTRUCTION DEFECT**. In deciding such disputes, the arbitrator considers the terms of this **LIMITED WARRANTY**, any third-party evaluations, binding bids for repair work supplied by either of the parties, any estimates of diminished fair market value, and such other information submitted by the parties and deemed relevant by the arbitrator. Except where otherwise directed by the arbitrator's award, the decision to repair, replace, or to make payment to **YOU** in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole option. The arbitrator will also render a decision as to any other claims, disputed matters or issues stated in the Binding Arbitration Request Form.

Step 4 OUR Arbitration Performance Obligations. If an arbitrator concludes that **WE** are responsible for a **CONSTRUCTION DEFECT**, **WE** will perform in accordance with the arbitrator's decision within sixty (60) days from the date of the award or such greater time as may be allowed by the arbitrator's decision. Delays caused by circumstances beyond **OUR** or **OUR** representative's control shall be excused.

Step 5 Disputes As To Compliance With The Award. If there is any dispute as to **OUR** compliance with an arbitrator's award, either party shall so inform **PWC** in writing at its mailing address specified in this **LIMITED WARRANTY**. **PWC** will mediate this dispute and if it cannot be resolved, either party may

request a compliance inspection arbitration to decide the question of compliance with the arbitration award. If it is determined that **WE** have not properly performed, **WE** will be obligated to immediately comply. As with the original arbitration award, any such subsequent arbitration rulings shall be enforceable by any court of competent jurisdiction.

VIII. General Conditions

A. Separation of This LIMITED WARRANTY From The Contract Of Sale

This **LIMITED WARRANTY** is separate and independent of the contract between **YOU** and **US** for the construction and/or sale of the **HOME** or transfer of the **COMMON ELEMENTS**. Except as otherwise expressly provided herein, the provisions of this **LIMITED WARRANTY** shall in no way be restricted or expanded by anything contained in the construction and/or sales contract or other documents between **YOU** and **US**.

B. Transfer to Subsequent HOMEOWNERS

This **LIMITED WARRANTY,** subject to all of its terms and conditions, including, but not limited to, its mandatory binding arbitration provision, will transfer to new owners of the **HOME** for the remainder of the **WARRANTY PERIOD**. **YOU** agree to provide this **LIMITED WARRANTY** to any subsequent purchaser of the **HOME** as a part of the contract of sale of the **HOME**. Please see the form "SUBSEQUENT HOME BUYER ACKNOWLEDGEMENT AND TRANSFER" contained at the end of this document.

C. Transfer of Manufacturer's Warranties

WE assign to **YOU** all the manufacturer's warranties on all appliances, fixtures and items of equipment that **WE** installed in the **HOME**. Should an appliance or item of equipment malfunction **YOU** must follow the procedures set forth in that manufacturer's warranty to correct the problem. **OUR** obligation under this **LIMITED WARRANTY** is limited to the workmanlike installation of such appliances and equipment. **WE** have no obligation for appliances and equipment defined as **CONSUMER PRODUCTS.**

D. Recovery Rights

If **WE** or a third party designated by **US** or acting on **OUR** behalf repairs, replaces or pays the cost to repair or replace **CONSTRUCTION DEFECT**, or other related damage to the **HOME** or the **COMMON ELEMENTS** covered by this **LIMITED WARRANTY**, or if **WE** elect to pay the diminished market value of the **HOME** in lieu of repair or replacement of a **CONSTRUCTION DEFECT**, **WE** are then entitled, to the extent of **OUR** cost or payment, to take over **YOUR** related rights of recovery from other people and entities, including but not limited to, other warranties and insurance. **YOU** have an obligation not to make it harder for **US** to enforce these rights. **YOU** agree to sign any papers, deliver them to **US**, and do anything else that is necessary to help **US** exercise **OUR** rights.

E. General Provisions

1. If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. The issue of enforceability, as well as all other issues, will be determined by Binding Arbitration as provided for in this **LIMITED WARRANTY**.

2. This **LIMITED WARRANTY** and the binding arbitration process are binding on **YOU** and **US**. It is also binding on **YOUR** and **OUR** heirs, executors, administrators, successors, and assigns.

3. As may be appropriate, the use of the plural in this **LIMITED WARRANTY** includes the singular, and the use of one gender includes all genders.

IX. Definitions

BUILDER means the individual, partnership, corporation or other entity which participates in the Warranty Program administered by the Professional Warranty Service Corporation and provides **YOU** with this **LIMITED WARRANTY**. Throughout this document the **BUILDER** is also referred to as "**WE**", "**US**" and "**OUR**".

COMMON ELEMENTS means the property as specified in the recorded Covenants, Conditions and Restrictions as common area and any other property as to which the **HOMEOWNERS ASSOCIATION** has standing under the law to make a claim. This may include, but is not limited to, streets, slopes, the structure or components of enclosure or other parts of the **HOME**, corridors, lobbies, vertical transportation elements, rooms, balconies, clubhouses or other spaces that are for the common use of the residents of the development in which the **HOME** is located. **SYSTEMS** serving two or more **HOMES**, and the outbuildings that contain parts of such **SYSTEMS** are also included in this definition.

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or injury **other than**:

A. **OUR** cost to correct a **CONSTRUCTION DEFECT** including the correction of those surfaces, finishes and coverings damaged by the **CONSTRUCTION DEFECT**.
B. **OUR** cost to repair or replace, at market value, furniture, carpet or personal property damaged by the **CONSTRUCTION DEFECT**.
C. **OUR** cost to repair damage to the **HOME** which occurs in the course of **OUR** repair or replacement of a **CONSTRUCTION DEFECT**.
D. The reasonable cost of the **HOMEOWNER'S** alternative shelter when the **HOME** is temporarily unhabitable due to a **CONSTRUCTION DEFECT** and while the **HOME** is rendered uninhabitable by the work necessary to repair a **CONSTRUCTION DEFECT**.

Time **YOU** take off from work and/or **YOUR** inability to work from the **HOME** as a result of a **CONSTRUCTION DEFECT** or the repair/replacement of a **CONSTRUCTION DEFECT**, are among those damages considered "**CONSEQUENTIAL OR INCIDENTAL DAMAGE**" and are excluded under this **LIMITED WARRANTY**. Diminished fair market value of the **HOME** is also among those damages considered "**CONSEQUENTIAL OR INCIDENTAL DAMAGE**" and is excluded under this **LIMITED WARRANTY** notwithstanding that **WE** reserve the right to elect to pay **YOU** diminished fair market value in lieu of **OUR** repair, replacement or payment for the cost to repair or replace a **CONSTRUCTION DEFECT**.

CONSTRUCTION DEFECT(S) means a condition in the materials or workmanship used in constructing the **HOME** and/or the **COMMON ELEMENTS** that:

- materially affects the structural integrity of the **HOME** or the **COMMON ELEMENTS**; or
- has an obvious and material negative impact on the appearance of the **HOME** or the **COMMON ELEMENTS**; or
- jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
- results in the inability of the **HOME** or the applicable **COMMON ELEMENTS** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

CONSUMER PRODUCT means any piece of equipment, appliance or other item that is a **CONSUMER PRODUCT** for purposes of the Magnuson-Moss Warranty Act (15 U.S.C.§ 2301, et seq.) installed or included in the **HOME**. Examples of Consumer Products include, but are not limited to, dishwasher, garbage disposal, gas or electric cook-top, range, range hood, refrigerator or refrigerator/freezer combination, gas oven, electric oven, microwave oven, trash compactor, automatic garage door opener, clothes washer and dryer, hot water heater, solar water heater, solar water heating panels, furnace, boiler, heat pump, air conditioning unit, humidifier, thermostat, and security alarm system.

EMERGENCY CONDITION means an event or situation that creates the imminent threat of damage to the **HOME** or **COMMON ELEMENTS**, or results in an unsafe living condition due to a **CONSTRUCTION DEFECT**

that **YOU** (or as applicable, the **HOMEOWNERS ASSOCIATION**) become aware of at a point in time other than **OUR** normal business hours and **YOU** were unable to obtain **OUR** or **OUR** authorized representative's prior written approval to initiate repairs to stabilize the condition or prevent further damage.

HOME means a single family residence either attached or detached covered by this **LIMITED WARRANTY** and the land on which it sits, or a condominium or cooperative unit in a multi-unit residential structure/building covered by this **LIMITED WARRANTY**, and the land on which it sits, except to the extent such unit, structure/building or land is part of the **COMMON ELEMENTS**.

HOME BUILDER'S LIMITED WARRANTY means only this express warranty document provided to **YOU** by **US**.

HOMEOWNER means the first person(s) to whom a **HOME** (or a unit in a multi-unit residential structure/building) is sold, or for whom such **HOME** is constructed, for occupancy by such person or such person's family, and such person's(s') successors in title to the **HOME**, or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf, including any class representative or **HOMEOWNERS ASSOCIATION** making a claim in a representative capacity.

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the **COMMON ELEMENTS**.

POLLUTANTS means all solid, liquid, or gaseous irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, radon gas, and waste materials, including materials to be recycled.

PWC means Professional Warranty Service Corporation which administers the warranty program in which **WE** participate. As such, **PWC** assumes no other liabilities in connection with this **LIMITED WARRANTY**. The **PWC** mailing address is: **Professional Warranty Service Corporation**
P.O. Box 800 Annandale, VA 22003-0800

SYSTEMS means the following:

(a) Plumbing system - gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields, and water, gas and sewer services piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system.
(b) Electrical system - all wiring, electrical boxes, switches, outlets, and connections up to the public utility connection.
(c) Heating, Cooling, and Ventilation system - all duct-work; steam, water and refrigerant lines; and registers, connectors, radiation elements and dampers.

WARRANTY PERIOD shall commence on the date the title to the **HOME** is transferred to the first **HOMEOWNER**. Notwithstanding anything to the contrary set forth in this **LIMITED WARRANTY**, the **WARRANTY PERIOD** for the **COMMON ELEMENTS** of an individual structure/building commences on the date the title for the first **HOME** in the structure/building is transferred to the first **HOMEOWNER** or, as concerns clubhouses or outbuildings or other **COMMON ELEMENTS** not part of the **HOME**, the earlier of the date of substantial completion or the date title to these structures is transferred to the **HOMEOWNERS ASSOCIATION**. The dates the **WARRANTY PERIOD** begins and ends are indicated on the Limited Warranty Validation Form which is attached to and made part of this **LIMITED WARRANTY**.

WE, US, OUR means the **BUILDER**.

YOU, YOUR means the **HOMEOWNER** and the **HOMEOWNERS ASSOCIATION**.

SAMPLE

BINDING ARBITRATION REQUEST FORM

Prior to requesting binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY, the initiating party should have sent the other party a clear and specific written request outlining the claim(s) or dispute(s) that are being submitted for decision through binding arbitration. If you have taken this step and believe the other party has not satisfactorily responded in accordance with the HOME BUILDER'S LIMITED WARRANTY, fill out this form and send it to PWC along with the arbitration filing fee. Be sure to attach a copy of all pertinent correspondence between you and the other party relative to the issue.

The information you need to fill out this form can be found on the Limited Warranty Validation Form. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Homeowner name(s):_____

Address: _____

_____

CITY STATE ZIP

Home Phone :(_____)_____ **Business Phone:(_____)_____**

LIMITED WARRANTY #:_____ **Date Warranty Period begins:**_____

Builder's Name: _____

Address: _____

Business Phone: (_____)_____

Describe the dispute that you wish to submit to binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY. If the dispute is relative to a construction defect please include information on when the construction defect(s) first occurred or when you first noticed the construction defect. (Attach additional sheets, if necessary).

SAMPLE

I/we are hereby requesting PWC to initiate a binding arbitration to resolve the dispute described herein above.

_____ _____

Signature **Date** **Signature** **Date**

INSTRUCTIONS: Photo-copy this form and complete the fields.

Obtain the required arbitration filing fee by contacting PWC at 1-800/850-2799.

Send this Binding Arbitration Request Form and the arbitration filing fee to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P. O. BOX 800
ANNANDALE, VIRGINIA 22003-0800

PWC Form No. 301 Rev. 01/07

SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND TRANSFER

Any coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY** applicable to the home specified on the Limited Warranty Validation Form is transferred to the subsequent homeowner.

The undersigned home buyer(s) hereby acknowledge and agree:

I/we acknowledge that I/we have reviewed, understand and agree to all the terms of the HOME BUILDER'S LIMITED WARRANTY document (PWC Form No. 117).

I/we understand and acknowledge that Professional Warranty Service Corporation ("PWC") is not the warrantor of the HOME BUILDER'S LIMITED WARRANTY.

I/we understand that I/we am/are responsible for the maintenance of the home including maintenance of the grade of the land surrounding the home, and that the Builder shall not be responsible for any defect or damage to the home which is the result of my/our failure to maintain the home.

I/we acknowledge and agree to the Binding Arbitration Procedure contained in the HOME BUILDER'S LIMITED WARRANTY.

Signature(s) of Subsequent Home Buyer(s): _____ Date: _____

_____ Date: _____

Print above name(s): _____

Re-issuance of the Limited Warranty Validation Form with the name(s) of the new Home Buyer(s) is <u>not</u> necessary for you to receive the coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY.** Upon receipt of this signed form, PWC will update its records to reflect the name(s) of the new homeowner(s). If you want PWC to issue another Limited Warranty Validation Form with your name(s) on the form, please check the box below and send a check in the amount of $20.00 made payable to "PWC" with your submission of this form.

YES, re-issue the Limited Warranty Validation Form in the above name(s) ☐ (check box) Initial _____

Address of Home: _____

Limited Warranty No: _____

INSTRUCTIONS: Photo-copy this form. Provide information requested, sign, fill in Limited Warranty # in the space provided (this number is provided on the Limited Warranty Validation Form), and provide a telephone number where you can be reached (_____) _____. If you want the Limited Warranty Validation Form reissued in your name, enclose your check to PWC in the amount of $20.00 (check box above and initial). To reach PWC by phone, call: 1-800/850-2799.

Mail this form and a photocopy of applicable settlement/closing documents indicating transfer of title, to:

PROFESSIONAL WARRANTY SERVICE CORPORATION P.O. BOX 800 ANNANDALE, VA 22003-0800

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