



REAL ESTATE COMMISSION
 STATE OF HAWAII
 DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
 PROFESSIONAL AND VOCATIONAL LICENSING DIVISION
 P. O. Box 3469
 Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

HO'OMALU AT WAIKELE
 Kamehameha Highway &
 Lumiauau Streets
 Waipahu, Oahu, Hawaii

Registration No. 2401

Issued: August 21, 1991
 Expires: September 21, 1992

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of August 12, 1991, and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

- PRELIMINARY:** The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
(yellow)
- FINAL:** The developer has legally created a condominium and has filed complete information with the Commission.
(white)
- No prior reports have been issued
 Supersedes all prior public reports
 Must be read together with _____
- SUPPLEMENTARY:** Updates information contained in the
(pink)
- Prelim. Public Report dated _____
 Final Public Report dated _____
 Supp. Public Report dated _____
- And Supersedes all prior public reports
 Must be read together with _____
- This report reactivates the _____
 public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the Commission.

Changes made are as follows:

As previously reported, the Ho'omalua At Waikale Project is a private development but is being developed and marketed in cooperation with the City and County of Honolulu Department of Housing and Community Development. The project is intended to provide affordable housing to certain "owner-occupant" and "gap-group" would-be purchasers. As such, the units are available only to qualified persons.

For additional information, see page 18 for details.

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GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's "Condominium Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owner/tenant) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements. The leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

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

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

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

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

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

Operation of the Condominium Project

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

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

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

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

- Fee simple interest in an apartment and an undivided feehold interest in the common elements.
- Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
- Fee simple interest in an apartment and an undivided leasehold interest in the common elements.

Types of Project:

- 1. New Building(s) Conversion
 Both New Building(s) and Conversion
- 2. Residential Commercial Ohana
 Mixed Residential and Commercial Agricultural
 Other _____
- 3. High Rise (5 stories or more) Low Rise
- 4. Single or Multiple Buildings
- 5. Apartment Description

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
B	36	2/2	750	70
E	18	2/2	833	70
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 54

**Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.*

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>54</u>
Guest Stalls	<u>14</u>
Unassigned Stalls	_____
Extra Stalls Available for Purchase	<u>57</u>
Other: _____	_____
Total Parking Stalls	<u><u>125</u></u>

7. Recreational amenities:

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: JPS Hawaii, Inc. **Phone:** 521-5661
Name (Business)
1001 Bishop Street, Pacific Tower, Suite 1060
Business Address
Honolulu, Hawaii 96813

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

James K. Schuler, President; Secretary; Treasurer
Michael T. Jones, Senior Vice President
Joanne Halsey, Vice President; Assistant Secretary

Real Estate Broker: South Pacific Properties **Phone:** 521-5661
Name (Business)
1001 Bishop Street, Pacific Tower, Suite 1060
Business Address
Honolulu, Hawaii 96813

Escrow: Security Title Corporation **Phone:** 521-9511
Name (Business)
1001 Bishop Street, Pacific Tower, Suite 1200
Business Address
Honolulu, Hawaii 96813

General Contractor: Hawaiian Dredging & Construction Company **Phone:** 735-3211
Name (Business)
614 Kapahulu Avenue
Business Address
Honolulu, Hawaii 96815

Condominium Managing Agent: Chaney Brooks & Company **Phone:** 544-1600
Name (Business)
606 Coral Street, P. O. Box 212
Business Address
Honolulu, Hawaii 96813

Attorney for Developer: Ronald W. K. Yee **Phone:** 536-3451
Name (Business)
1000 Bishop Street, Suite 303
Business Address
Honolulu, Hawaii 96813

**II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS**

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

- A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances - Document No. _____
Book _____ Page _____
 Filed - Land Court - Document No. 1834752

Amendment date(s) and recording/filing information:

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

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyance Condo Map No. _____
 Filed - Land Court Condo Map No. 858

Amendment date(s) and recording/filing information:

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

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances - Document No. _____
Book _____ Page _____
 Filed - Land Court - Document No. 1834753

Amendment date(s) and recording/filing information:

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

D. **House Rules.** The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial house rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>	
Declaration (and Condo Map)	75%	<u>75%</u>	* Amendments to certain provisions which give rights to the Declarant can only be amended with the Declarant's consent
Bylaws	65%	<u>65%</u>	
House Rules	---	<u>---</u>	

The percentages for individual condominium projects may be more than the minimum set by law.

2. **Developer:**

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

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

A. Prior to the conveyance of any apartment in the Condominium, the Developer may amend the aforesaid condominium documents to reflect changes in the Condominium and the apartments and common and limited common elements as long as such changes do not materially diminish the value of any apartment or jeopardize a purchaser's loan commitment.

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

C. The Developer may amend the aforesaid condominium documents to subject the Condominium to an FHA Regulatory Agreement and/or to conform the Condominium to the requirements of the VA Home Loan Guarantee Program and FHA Home Loan Programs.

For Subleaseholds:

- Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
 - Cancelled Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

B. Underlying Land:

Address: Mauka/Ewa corner of Kamehameha Highway and Lumiauau Street, Waipahu, Oahu, Hawaii 96797 - No street address established yet Tax Map Key: 1-9-4-07: 13 (portion) (TMK)

Address TMK is expected to change because A separate parcel number will be assigned to the site

Land Area: 4.765 square feet acre(s) Zoning: R-5

Fee Owner: Developer
Name

Address

Sublessor: _____
Name

Address

C Buildings and Other Improvements:

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

2. Buildings: 9 Floors Per Building 2

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other glass

Boundaries of Each Apart

Net living area of the enclosed portion of the apartment measured from the interior surfaces of the apartment perimeter walls, plus the lanai area.

Permitted Alterations to Apartments:

Unless otherwise prohibited by the Condominium Declaration, the By-Laws or the Condominium Property Act, an Apartment Owner may make additions, alterations or improvements solely within his or her apartment or within a limited common element appurtenant to his or her apartment at his or her sole cost and expense; provided, however, that no Owner may do any work to his or her Apartment which could jeopardize the soundness or safety of any part of the Condominium, reduce the value thereof, or impair any easement or hereditament; nor may any Owner add any material structure without in every such case the consent of seventy-five percent (75%) of the Owners being first obtained, including the consent of all Owners whose apartments or limited common elements appurtenant thereto are directly affected. The installation of solar energy devices, as defined by H.R.S. Section 468B-1 shall require approval only by the Board. Lanais may not be enclosed.

7. Parking Stalls:

Total Parking Stalls: 125

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)		54					54
Guest		5		9			14
Unassigned Extra Available for Purchase		57					57
Other:							
Total Covered & Open	116		9				

Each apartment will have the exclusive use of at least 1 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute

Other: _____

9. Present Condition of Improvements

(For conversions of residential apartments in existence for at least five years):

a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

N/A

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

N/A

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

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

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

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

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

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

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

D. Common Elements, Limited Common Elements, Common Interest:

1. **Common Elements:** Common Elements are those parts of the condominium project intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit A describes the common elements.

As follows:

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

There are no limited common elements in this project.

The limited common elements and the apartments which may use them are:

described in Exhibit B

as follows:

3. **Common Interest:** Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

Exhibit C describes the common interests for each apartment.

As follows:

E. **Encumbrances Against Title:** An encumbrance is a claim against or a liability on the property.

Exhibit D describes the encumbrances against the title contained in the title report dated July 12, 1991 and issued by Security Title Corporation .

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Construction Loan Mortgage (See Exhibit D)	Buyer may not be able to acquire the apartment, but Buyer will be entitled to a refund of deposits

F. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a managing agent to assist the Association in managing the condominium project.

Initial Managing Agent: When the developer or the developer's affiliate is the initial managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial managing agent for this condominium is:

not affiliated with the Developer.

the Developer or the Developer's affiliate.

self-managed by the Association of Apartment Owners.

other _____

G. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided to each apartment.

Exhibit E contains a schedule of maintenance fees and maintenance fee disbursements.

H. Utility Charges for Apartments:

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

Not applicable

Electricity

Television Cable

Gas

Water & Sewer

Other _____

I. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

The Developer's sole warranty is described in Exhibit F attached hereto.

2. Appliances:

Developer makes no warranty as to appliances or other consumer products installed in any apartment or in the common elements. If there are any applicable manufacturer's or dealer's warranties, Developer will endeavor to pass on such warranties to purchasers.

J. Status of Construction and Estimated Completion Date:

Construction commenced on June 19, 1991. The estimated completion date for the project is March, 1992.

K. Project Phases:

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

Summary of Developer's Present Plans for Future Development:

L. Sales Documents Filed With the Real Estate Commission:

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

Notice to Owner Occupants

Specimen Sales Contract

Exhibit G contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated February 11, 1991

Exhibit H contains a summary of the pertinent provisions of the escrow contract.

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

The Ho'omalua At Waialeale Project is a private project but is being developed and marketed in cooperation with the Department of Housing and Community Development (DHCD) of the City and County of Honolulu (the "City"). It is intended to make available affordable housing to would-be purchasers whose incomes do not exceed 140% of the median income (adjusted for family size) for the Honolulu Metropolitan Statistical Area ("Gap Group Income Purchasers"). As a result, apartment units in the Project will be sold at prices below the market value of comparable housing units as determined by DHCD and the Developer, and the units will be made available only to persons who qualify as Gap Group Income Purchasers. In addition, to be eligible to purchase a unit, an applicant for purchase must:

1. Be a U. S. citizen or permanent resident alien;
2. Be a bona fide resident of the State of Hawaii;
3. Be at least 18 years of age;
4. Represent that the applicant intends to become an owner-occupant and agree that the unit will be occupied by the applicant and will not be rented;
5. Represent that the applicant does not own property anywhere which is suitable for dwelling purposes; and
6. Submit personal information, including income tax returns, by which DHCD will evaluate the applicants eligibility to purchase.

A description of the eligibility requirements and the required personal information, representations and agreements are specifically contained in an "Owner-Occupant Affidavit" form and a "Housing Application" form, both of which must be filled-in and executed by all prospective purchasers. These forms, together with an instruction sheet, are attached to this Report as Exhibit "I". PROSPECTIVE PURCHASERS ARE URGED TO REVIEW THESE FORMS BEFORE APPLYING TO PURCHASE A UNIT IN THE PROJECT.

Prospective purchasers should also be aware that because of the advantageous pricing of units and in order to enforce the owner-occupant agreement of the purchaser, each deed to an apartment unit will contain restrictions on the use, occupancy and transfer of the unit and a "buy-back" option in favor of the City which will remain in force for a period of 2 years. In essence, the deed restrictions and option provide that during the period of time prescribed in the deed, if the purchaser wishes to resell the unit, or if the purchaser leases or rents the unit, or if the purchaser ceases to use the unit as the purchaser's principal residence, the City will have the option to "buy-back" the unit at a limited price equal to: (i) the original purchase price of the unit, plus (ii) the original cost of improvements to the unit made by the purchaser, plus (iii) interest on the purchaser's original equity in the unit at the rate of seven percent (7%) per annum. The full text of the restrictions and option in favor of the City is attached to this Report as Exhibit "J" and is also contained in the "Specimen Deed" submitted with this Condominium Registration. PROSPECTIVE PURCHASERS ARE URGED TO REVIEW AND CONSIDER WITH CARE THE FULL TEXT OF THE RESTRICTION AND OPTION PROVISIONS SET FORTH IN EXHIBIT "J" AND THE SPECIMEN DEED.

In addition, the land under development is subject to certain terms, conditions, restrictions, reservations and exceptions contained in certain documents which may affect the rights of prospective buyers and eventual owners of units in the Project. These documents are as follows:

(1) Deed dated December 21, 1983, filed as Land Court Document No. 1209274 and recorded in Liber 17537 at Page 36. Among other things, the reservations in said Deed include: "the perpetual right and easement over and upon the premise to discharge, emit or transmit surface water run off, noise, smoke, soot, dust, lights, vapors, odors and other substances and phenomena of every description created by and resulting from the burning of sugar canes and bagasse, milling, generating power, trucking, hauling and other activities incidental to the operation of a sugar cane plantation or alternative energy projects, and the grantees, successors and assigns does hereby waive any and all claims under any law whatsoever against the Grantor."

(2) Master Declaration of Covenants, Conditions and Restrictions for the Waikele Community, dated December 8, 1990 and recorded as Document No. 1791991, as supplemented by instruments dated January 17, 1991 and January 31, 1991, respectively, and filed as Land Court Document Nos. 1795699 and 1798643, respectively. This document contains extensive private conditions and restrictions intended to regulate the development and ongoing maintenance of an overall community known as the "Waikele Community", which includes individual projects such as Ho'omalulu At Waikele. All apartment units in Ho'omalulu At Waikele are subject to the provisions of this Master Declaration, including provisions requiring the payment of Community Association fees and assessments. Some of the more pertinent provisions of the Master Declaration are specifically mentioned in Section 20 of the proposed Declaration of Condominium Property Regime for Ho'omalulu At Waikele, but prospective purchasers are urged to read in full the Master Declaration and the Articles of Incorporation and By-Laws of the Waikele Community Association which are attached.

(3) Declaration of Development Covenants, Conditions and Restrictions executed on January 31, 1991, a Memorandum of which is recorded as Document No. 1798645. This document consists primarily of special requirements governing the development and construction of Ho'omalulu At Waikele by the Developer. As the Project is completed and apartments are conveyed to individual owners, the apartments will be "released" from the affect of this document. Hence, it is not anticipated that the provisions of this document and the Option Agreement described in (4) below will have any affect on the rights of apartment owners in Ho'omalulu At Waikele. It should be noted, however, that a default by the Developer under the terms of this document and the Option Agreement described in (4) below could cause the contract rights of prospective purchasers of units to be defeated and prevent the conveyance of units to them.

(4) Option Agreement and Escrow Instructions dated January 31, 1991, a Memorandum of which is recorded as Document No. 1798646. The terms of this document are primarily directed at the Developer and will be released as the Project is completed and individual apartments are conveyed.

(5) Among other things, the Declaration of Condominium Property Regime provides that:

(a) The location of the project site may be in an area where the noise level exceeds noise level standards, and these noise levels may not be acceptable to certain individuals. Each purchaser is buying with full knowledge of the existence of such potentially excessive noise levels;

(b) The project site is located in the Waikele Community where golf course and commercial centers are proposed. The development and operation of such facilities may result in nuisance or hazard to person or property. Each purchaser buys with full knowledge of the existence of such potential nuisance or hazard and he/she assumes all risks associated with being located in the proximity of such facilities;

(c) Each apartment owner and the Association of Apartment Owners is burdened with an easement permitting errant golf ball retrieval by golfers. Apartment owners assume all risks connected with any injuries resulting from errant golf balls or the exercise of such retrieval rights.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

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

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

Final Report, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

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

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

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

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

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Condominium Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other Master Declaration of Covenants, Conditions and Restrictions for the Waikele Community

If these documents are not in final form, the buyer should ask to see the most recent draft.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs, 1010 Richards Street, P. O. Box 541, Honolulu, HI 96809.

This Public Report is a part of Registration No. 2401 filed with the Real Estate Commission on
March 1, 1991.

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

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



PETER N. YANAGAWA, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Bureau of Conveyances
Department of Finance, City & County of Honolulu
Planning Department, City & County of Honolulu
Federal Housing Administration

EXHIBIT "A"

COMMON ELEMENTS: The Condominium Declaration states that the common elements consist of:

(a) The Land in fee simple.

(b) All foundations, floor slabs, columns, girders, beams, supports, load-bearing walls, main walls, interior walls separating adjacent apartments in the same building (except the inner decorated surfaces of such walls), and roofs of the buildings; all exterior stairs, stairways, landings and railings (except lanai railings); and other building appurtenances, including but not limited to, the electrical cabinets and the compartments for waterheaters located on the exteriors of the buildings.

(c) All yards, grounds, landscaping, fences (including those fences which enclose the limited common element yard areas adjoining ground floor apartments), and refuse areas and facilities shown on the proposed Condominium Map.

(d) All sidewalks, pathways, parking areas, parking stalls (including 14 Visitor Parking Stall Nos. 41, 42, 43, 44, 45, 59, 60, 74, 75, 89, 90, 91, 124 and 125), driveways and roads within the Condominium.

(e) All ducts, electrical equipment, transformers, wiring and other central and appurtenant installations for power, light, water, sewer, gas and telephone; all pipes, plumbing, wires, conduits or other utility or service lines, which are used by or serve more than one apartment, including any such lines that run through any apartment; and central air conditioning and like central utilities, if installed.

(f) All the benefits, if any, inuring to the Land or to the Project from all easements shown on the Condominium Map or listed in the Condominium Declaration.

(g) All other portions of the land and improvements that are not specifically designated for use by one or more specific apartments, but which are intended for common use, and all other devices and installations the use of which exists for, is rationally allocated to or is necessary to the existence, upkeep and safety of more than one apartment or the Condominium Project as a whole.

EXHIBIT "B"

LIMITED COMMON ELEMENTS: Certain parts of the common elements, called "limited common elements", are set aside and reserved for the exclusive use of certain apartments. The limited common elements are as follows:

(a) Each apartment will have appurtenant to it at least one parking stall. The Condominium Map identifies each stall by a parking stall number. A "C" designation indicates that the parking stall is a "compact" parking stall. A "G" designation indicates that the parking stall is a guest or "Visitor" parking stall. A listing of the parking stalls and the apartments to which they will be appurtenant initially is as follows:

<u>BUILDING/ APARTMENT NO.</u>	<u>STALL NO.</u>	<u>BUILDING/ APARTMENT NO.</u>	<u>STALL NO.</u>
A-101	1	F-101	88
A-102	4	F-102	85
A-103	8	F-103	80
A-104	12	F-104	76
A-202	5	F-202	84
A-203	9	F-203	81
B-101	13	G-101	123
B-102	16	G-102	120
B-103	20	G-103	115
B-104	24	G-104	112
B-202	17	G-202	119
B-203	21	G-203	116
C-101	25	H-101	37
C-102	28	H-102	99
C-103	32	H-103	95
C-104	36	H-104	92
C-202	29	H-202	98
C-203	33	H-203	96
D-101	58	J-101	111
D-102	53	J-102	107
D-103	49	J-103	103
D-104	46	J-104	100
D-202	54	J-202	108
D-203	50	J-203	104
E-101	73		
E-102	69		
E-103	65		
E-104	61		
E-202	68		
E-203	64		

Visitor Parking
Stalls (indicated on
Condominium Map
by the letter "G"):

41, 42, 43, 44, 45, 59, 60, 74, 75, 89, 90, 91, 124, 125

Additional Stalls

Appurtenant to

Apartment B-104

Available for Purchase:

2, 3, 6, 7, 10, 11, 14, 15, 18, 19, 22, 23, 26, 27, 30, 31, 34,
35, 38, 39, 40, 47, 48, 51, 52, 55, 56, 57, 62, 63, 66, 67, 70, 71,
72, 77, 78, 79, 82, 83, 86, 87, 93, 94, 97, 101, 102, 105, 106,
109, 110, 113, 114, 117, 118, 121, 122

(NOTE: Those stalls listed as "Visitor" stalls will remain common elements. The other stalls may be transferred between apartments in the manner provided for in the Condominium Declaration, as long as at least one stall is appurtenant to each apartment. The Developer may sell to various purchasers one or more of the additional 56 parking stalls listed as appurtenant to Apartment A-101 and may also change parking stall assignments as long as at least one parking stall is assigned as a limited common element to each apartment. The parking stall or stalls assigned to an apartment shall be listed in the Apartment Deed from the Developer.)

(b) Each fenced-in yard area is a limited common element appurtenant to the first floor apartment which such yard area adjoins. The outer limit of each such yard area is deemed to be the interior surface of the fence (i.e., the surface facing the apartment) enclosing the area.

(c) Each compartment containing hot waterheaters and located on the exterior of the buildings adjacent to apartments are limited common elements to such ground level apartments and to the second story apartments above them which are served by the waterheaters contained therein.

(d) The concrete pad outside the door of each ground level apartment is a limited common element appurtenant to that apartment. Each stairway and second story landing providing access to a second story apartment is a limited common element appurtenant to that apartment. Those stairways and landings or lanais which serve two second story apartments shall be limited common elements appurtenant to both of the apartments so served, provided that the portion of such second story landing or lanai directly adjacent to the entrance of a second story apartment is a limited common element appurtenant to that apartment only.

(e) Each mailbox bearing the same designation as an apartment is a limited common element to that apartment.

All costs and expenses pertaining to limited common elements are to be charged to the apartment or apartments to which the limited common element appertains pursuant to the Condominium Declaration and Section 514A-15(a) of the Condominium Property Act. If a limited common element is appurtenant to two or more apartments, such costs and expenses shall be charged to both. Thus, if a limited common element is appurtenant to two apartments, one-half of such costs and expenses will be charged to each apartment; provided, however, that as permitted in the Condominium Declaration, the Board of Directors of the Association may assess certain of such costs and expenses in proportion to the common interest appurtenant to each of the apartments involved. Apartment owners shall be responsible for the maintenance and repair of their limited common elements.

END OF EXHIBIT "B"

EXHIBIT "C"

INTEREST TO BE CONVEYED AN APARTMENT BUYER: The Condominium Declaration provides that the undivided interest in the common elements appurtenant to each apartment for voting and all other purposes (the "common interest") will be as follows:

<u>Type and Number of Apartments</u>	<u>Apartment Numbers</u>	<u>Percentage of Undivided Interest For Each Apt.</u>	<u>Total Percentage Interest For Each Apt. Type</u>
Type B (36):	A-102, A-103, A-202, A-203, B-102, B-103, B-202, B-203, C-102, C-103, C-202, C-203, D-102, D-103, D-202, D-203, E-102, E-103, E-202, E-203, F-102, F-103, F-202, F-203, G-102, G-103, G-202, G-203, H-102, H-103, H-202, H-203, J-102, J-103, J-202, J-203	1.785	64.260
Type E (18):	A-101, A-104, B-101, B-104, C-101, C-104, D-101, D-104, E-101, E-104, F-101, F-104, G-101, G-104, H-101, H-104, J-101, J-104	1.983, except for Apartment A-101 which has an undivided percentage interest of 2.029	35.740
		Grand Total	100.000%

The common interest is based upon the net living area in square feet for that apartment divided by the total net living area of all apartments, rounded off so that the total of all the common interest for all apartments equals 100%.

Each apartment owner will be assessed a share of all common expenses of the Condominium Project equal to the common interest appurtenant to his or her apartment. All expenses pertaining to limited common elements will be assessed in the manner described under the heading LIMITED COMMON ELEMENTS.

END OF EXHIBIT "C"

EXHIBIT "D"

Encumbrances Against Title

1. **TAXES Tax Map Key: OAHU 9-4-7-013 (PORTION)**

Taxes for the Fiscal Year 1990-1991 in the amount of \$308,161.18 have been paid in full.

2. **Reservation in favor of the State of Hawaii of all mineral and metallic mines.**

3. **Reservations and exceptions contained in:**

DEED

Dated: December 21, 1983
Document No. 1209274
Book: 17537
Page: 36
to-wit:

"Reserving and excepting to the Grantor, its successors and assigns forever, as appurtenant to the lands of the Grantor located in the district of the Premises now owned and used or hereafter acquired and used by the Grantor, its successors and assigns, in its sugar plantation operations, the perpetual right and easement over and upon the Premises to discharge, emit, or transmit surface water runoff, noise, smoke, soot, dust, lights, vapors, odors and other substances and phenomena of every description created by and resulting from the reasonable operations of the Grantor, its successors and assigns, in burning sugar cane and bagasse, milling, generating power, trucking, hauling and all other activities incidental to the operation of a sugar cane plantation or alternative energy projects; and Grantee, its successors and assigns, does hereby waive any and all claims under any law whatsoever against Grantor arising therefrom.

Reserving and excepting, further, to the Grantor, its successors and assigns, the right to create and designate easements in either fee simple or leasehold and either nonexclusive or exclusive, for the construction, installation, operation, maintenance, replacement and removal of facilities for ditches, pipelines, tunnels, reservoirs, ponds, well pumps, roads, water, sewer, irrigation, drainage, electrical, utility, and communication purposes, together with the right of access over such easement areas for the aforesaid purposes and the right to grant to the United States of America, the State of Hawaii, the City and County of Honolulu, or any other appropriate governmental agency or public or private utility or other corporation or person easements for such purposes over the easement areas."

4. Certificate dated April 16, 1986, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1366767, and also recorded in the Bureau of Conveyances of the State of Hawaii in Book 19447 Page 217, made by Amfac Property Investment Corp., a Hawaii corporation. Re: Reclassification of land from Agricultural district to Urban district, subject to the conditions set forth herein.
5. Unilateral Agreement and Declaration for Conditional Zoning dated November 14, 1986, filed in said Office of the Assistant Registrar as Document No. 1416018, and also recorded in said Bureau of Conveyances in Book 20054 Page 522.
6. Certificate dated March 31, 1986, recorded in the Bureau of Conveyances of the State of Hawaii in Book 19393 Page 686, made by Amfac Property Development Corp., a Hawaii corporation. Re: Reclassification of land from Agricultural district to Urban district, subject to the conditions set forth herein. (Note noted on Transfer Certificate of Title No. 365,529.)
7. Restrictions, covenants and conditions as contained in:

**MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE WAIKELE COMMUNITY**

Dated: December 28, 1990
Document No. 1791991
to which reference is hereby made

- a) The foregoing Master Declaration was supplemented by the following:

**SECOND SUPPLEMENTAL MASTER DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR THE WAIKELE COMMUNITY**

Dated: January 30, 1991
Document No. 1798643

8. Restrictions, covenants and conditions as contained in:

**MEMORANDUM OF DECLARATION OF DEVELOPMENT COVENANTS,
CONDITIONS AND RESTRICTIONS**

Dated: January 31, 1991
Document No. 1798645
to which reference is hereby made

9. **MORTGAGE**

Mortgagor: JPS Hawaii, Inc., a Hawaii corporation
Mortgagee: First Hawaiian Bank, a Hawaii corporation
Dated: April 1, 1991
Document No. 1809982
To Secure: \$6,300,000.00
and any additional advances and other amounts
secured thereby, all according to the terms of
that certain promissory note of said
mortgagor(s) therein referred to

10. **FINANCING STATEMENT**

Debtor: JPS Hawaii, Inc.
Secured
Party: First Hawaiian Bank
Filed On: April 1, 1991
Document No. 91-040838

11. The terms and provisions of that certain Memorandum of Option Agreement and Escrow Instructions ("Memorandum") dated January 31, 1991, made by and between Amfac Property Development Corp., a Hawaii corporation, "Amfac", and JPS Hawaii, Inc., a Hawaii corporation, "Builder", filed in said Office of the Assistant Registrar as Document No. 1798646, to which reference is hereby made.

Subordination and Estoppel dated April 1, 1991, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1809983. Re: the foregoing Memorandum of Option Agreement and Escrow Instructions is hereby subordinated to that certain Mortgage shown as exception No. 9 and also to that certain Financing Statement shown as exception no. 10.

12. **ADDITIONAL SECURITY REAL PROPERTY MORTGAGE AND FINANCING STATEMENT**

Mortgagor: JPS Hawaii, Inc., a Hawaii corporation
Mortgagee: First Hawaiian Bank, a Hawaii corporation
Dated: April 1, 1991
Document No. 1809985
To Secure: \$13,500,000.00
and any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to

13. **FINANCING STATEMENT**

Debtor: JPS Hawaii, Inc.
Secured
Party: First Hawaiian Bank
Filed On: April 1, 1991
Document No. 91-040842

14. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the following:

DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "HO'OMALU AT WAIKELE":

Dated: July 9, 1991
Document No. 1834752

Condominium Map No. 858, to which reference is hereby made.

NOTE: The individual apartment units as set forth in the foregoing Declaration of Condominium Property Regime are listed in Exhibit "B" hereof.

15. **BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF "HO'OMALU AT WAIKELE":**

Dated: July 9, 1991
Document No. 1834752

END OF EXHIBIT "D"

EXHIBIT "E"

ESTIMATE OF INITIAL MAINTENANCE FEES
AND
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

<u>Apartment</u>	<u>Units</u>	<u>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
B	36	\$110.33	\$1,323.96
E	17	122.57	1,470.84
E	1	125.41	1,504.92

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

EXHIBIT "F"

WARRANTY OF COMPLETION OF CONSTRUCTION IN SUBSTANTIAL
CONFORMITY WITH APPROVED PLANS AND SPECIFICATIONS

Property Location:

Purchaser(s)/Owner(s):

For good and valuable consideration the undersigned Warrantor hereby warrants to the Purchaser(s) or Owner(s) identified in the caption hereof, and to his (their) successors or transferees, that:

The dwelling located on the property identified in the caption hereof is constructed in substantial conformity with the plans and specifications (including any amendments thereof, or changes and variation therein) which have been approved in writing by the Federal Housing Commissioner or the Administrator of Veterans Affairs on which the Federal Housing Commissioner or the Administrator of Veterans Affairs based his valuation of the dwelling: Provided, however, that this warranty shall apply only to such instances of substantial nonconformity as to which the Purchaser(s)/Owner(s) or his (their) successors or transferees shall have given written notice to the Warrantor at any time or times within: (a) with respect to the dwelling unit, one (1) year, and (b) with respect to the common elements, two (2) years from the date of the original conveyance of title to such Purchaser(s)/Owner(s) or the date of initial occupancy of the dwelling, whichever first occurs: Provided further, however, that in the event the Purchaser(s)/Owner(s) acquired title to the captioned property prior to the completion of construction of the dwelling thereon, such notice of nonconformity to the Warrantor may be given at any time or times within: (a) with respect to the dwelling unit, one (1) year, and (b) with respect to the common elements, two (2) years from the date of completion or initial occupancy of such dwelling, whichever first occurs.

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

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

IN TESTIMONY WHEREOF, the Warrantor has signed and sealed this warranty this ____ day of _____, 19__.

(Warrantor's Address)

By _____ (Seal)
Warrantor (Signature and Title)

This warranty is executed for the purpose of inducing the Federal Housing Commissioner or the Administrator of Veterans Affairs to make, to guarantee or to insure a mortgage on the captioned property, and the person signing for the Warrantor represents and verified that he is authorized to execute the same by the Warrantor and by his signature the Warrantor is duly bound under the terms and conditions of said warranty.

WARNING

Section 1010 of Title 18, U.S.C., "Federal Housing Administration transactions," provides: "Whoever, for the purpose of influencing in any way the action of such Administration--makes, passes, utters, or publishes any statement, knowing the same to be false--shall be fined not more than \$3,000 or imprisoned not more than two years, or both." Other Federal Statutes provide severe penalties for any fraud as intentional misrepresentation made for the purpose of influencing the issuance of any guaranty or insurance or the making of any loan by the Administrator of Veterans Affairs.

NOTICE TO PURCHASER: ANY NOTICE OF NONCONFORMITY MUST BE DELIVERED TO THE WARRANTOR NO LATER THAN _____, as to the dwelling unit, and _____, as to the common elements. (Warrantor shall insert date 1 year or 2 years from initial occupancy, date of conveyance of title or date of completion, whichever event is applicable.)

Receipt of this warranty is acknowledged this ____ day of _____, 19__.

END OF EXHIBIT "F"

EXHIBIT "G"

SUMMARY OF PERTINENT PROVISIONS OF THE SALES CONTRACT

The Sales Contract sets forth the time for and the amount of all payments toward the purchase price and all costs which are the purchaser's obligation. Prior to the issuance of a Final Report, the sales contract operates as a reservation only and may be cancelled by either Developer or Purchaser. A separate written affirmation of the sales contract must be signed by both parties after the final report is issued to convert the reservation into a binding contract. The documents also provide, in effect, that a Purchaser shall be entitled to a refund of his or her funds, and escrow shall make such refund if:

(a) Escrow receives a written request from Developer to return to purchaser the funds of such purchaser then held by Escrow; or

(b) If a purchaser's funds were obtained prior to the issuance of a Final Public Report and a request for refund is made prior to the issuance of the Final Public Report or prior to the time the parties sign a separate written affirmation of the Sales Contract; or

(c) If a purchaser's funds were obtained prior to the issuance of a Final Public Report, and, the purchaser notwithstanding the execution by the parties of a written affirmation of the Sales Contract, exercises his or her right to cancel the Sales Contract at a time prior to the earlier of (1) the conveyance of the apartment to the purchaser, or (2) midnight of the thirtieth (30th) day following the date of delivery of the Final Public Report, provided that the purchaser has not previously waived his or her right to cancel; or

(d) If a purchaser's funds were obtained after the issuance of a Final Public Report and the purchaser exercises his or her right to cancel the Sales Contract at a time prior to the earlier of (1) the conveyance of the apartment to purchaser or (2) midnight of the thirtieth (30th) day following the date of delivery of the Final Public Report, provided, however, that the purchaser has not previously waived his or her right to cancel; or

(e) A purchaser cancels the Sales Contract because there is a material change in the Project which directly, substantially and adversely affects the use or value of (1) such purchaser's apartment or appurtenant limited common elements, or (2) those amenities of the Project available for such purchaser's use, unless the purchaser has waived his or her right of cancellation or deemed to have waived such right.

The Sales Contract contains the Developer's promise to complete the Project no later than two years from the date that a Final Public Report is issued. The 2-year period is subject to extensions of time for the occurrence of events outside of the Developer's control which make performance by the Developer within this period impossible as a matter of Hawaii law.

The Sales Contract also provides that by executing a Sales Contract, the purchaser thereby: (1) warrants that he or she has the ability to pay the purchase price for the apartment either from his or her own funds and/or the proceeds of a loan that the purchaser promises he or she can obtain; (2) acknowledges and agrees that obtaining such

a loan is the purchaser's sole responsibility, even if the Developer has made arrangements with a lender generally to provide financing; and (3) acknowledges and agrees that all mortgage liens and other security interests obtained by the construction lender in connection with a construction loan (as well as any extensions, renewals and modifications of that loan) will be and remain at all times a lien or charge on the Project prior and superior to any and all liens or charges arising from the Sales Contract or any other sale and/or reservation agreement with the purchaser. In addition, the specimen Sales Contract contains provisions which: (1) permit the Developer to keep the purchaser's payment deposits under certain circumstances if the Developer cancels a contract due to purchaser's default; (2) provide for "preclosing" of the Sales Contract; (3) provide the Developer with certain rights to modify the Condominium Documents; (4) provide that all interest earned on purchaser's funds will belong to the Developer; (5) limit warranties the purchaser will receive; (6) limit assignment of the Sales Contract; and (7) cover many other important matters that are not described in this Report.

By executing a Sales Contract, each prospective purchaser will consent and agree to the incremental development of this overall Project and the merger of this Project with other increments and will consent and agree to execute such additional documents and to do such other things necessary therefor. Purchaser's execution of a Sales Contract shall operate as an appointment of the Developer as a purchaser's attorney-in-fact to execute such documents and do such other things as are necessary or convenient for the incremental development of the overall project.

END OF EXHIBIT "G"

EXHIBIT "H"
ESCROW AGREEMENT SUMMARY

The Escrow Agent sets forth that the Escrow Agent for the Ho'omalua At Waialeale condominium project is Security Title Corporation, as such Security Title Corporation will be responsible for the handling of purchase money for the apartment sales. The Escrow Agreement establishes how the proceeds from the sale of the apartments are placed in trust, as well as the retention and disbursement of this trust fund. According to the Agreement, down payment funds may not be released from escrow for the payment of development and construction costs, even though such use is permitted under Horizontal Property Act.

The Escrow Agreement also sets forth the duties and responsibilities of the Escrow Agent with respect to closing apartment sale transactions. Among other things the Escrow Agent shall be responsible for:

- (a) coordinating with the mortgage lenders of various purchasers, especially those primary institution(s) which have issued commitments to make apartment purchase money loans;
- (b) coordinating with title search and title insurance companies to see that the requisite title searches and title insurance documents are obtained to effect closings;
- (c) coordinating the signing of documents in connection with "pre-closing" and actual "closing";
- (d) handling the recordation of all documents which must be recorded; and
- (e) handling the disbursement of funds in connection with the closing of apartment sales.

END OF EXHIBIT "H"

EXHIBIT "I"

HO'OMALU AT WAIKELE

INSTRUCTION SHEET

Thank you for your interest in our new project. We are pleased to be the developer of the second parcel in the Waikele master planned community.

The following Buyer Information forms are required by the Developer and the City and County, Department of Housing and Community Development (DHCD) and must be filled out completely by all parties. **INCOMPLETE FORMS WILL NOT BE ACCEPTED AND THEREFORE WILL CAUSE YOU TO BE DISQUALIFIED.** Buyer information forms along with copies of your last two (2) years of signed FEDERAL tax returns must be either delivered in person or mailed by certified mail to JPS Hawaii, Inc., 1001 Bishop Street, Pacific Tower, Suite 1060, Honolulu, Hawaii, 96813, no later than ten (10) business days from the date you signed up for the project. Applications received after the deadline will be placed on a waiting list after the last number.

1. Owner-Occupant Affidavit
Please read and complete the necessary information. This form must be signed by all parties in front of a notary public. **Please do not sign this form without a Notary Public present.**
2. Housing Application Form - Three (3) pages
These pages must be completely filled out. All information will be kept confidential and will be submitted to DHCD and our lender for their review and approval.

Should you need more space, please feel free to make copies of the pages and attach to the application form.

3. Tax Returns
You must submit copies of your 1988 and 1989 or last two (2) years of FEDERAL tax returns with all schedules attached to your DHCD application.

TAX RETURNS MUST BE SIGNED BY ALL PARTIES.

Once you have returned all the completed forms with your signed tax returns, your application will be reviewed and sent to DHCD and our lender for review. They will determine if you are an eligible buyer.

DO NOT PHONE OUR OFFICE FOR UPDATES ON YOUR APPLICATION. You will be notified by mail if you qualify or not. You will also be notified as to the date you must appear to make your unit selection and sign a sales contract. Should you not appear for your unit selection, you will be placed on a waiting list after the last number.

EVERY BLANK MUST BE FILLED IN. IF BLANKS DO NOT APPLY TO YOU, WRITE THE WORD "NONE" IN THE BLANK.

INCOMPLETE FORMS WILL BE DISQUALIFIED.

MO'OMALU AT WAIKELE

OWNER-OCCUPANT AFFIDAVIT

We, the undersigned "owner-occupants" on this _____ day of _____, 19____, declare that we are a "Gap Group Income Purchaser", who will be "owner-occupants" in the fee simple multi-family project (the "Project").

We understand and agree that:

1. The term "Gap Group Income Purchaser" as used in this document, means a buyer whose income (including the income of all members of such buyer's household) does not exceed 140% of the median income (adjusted for family size) for the Honolulu Metropolitan Statistical Area as most recently determined by the U.S. Department of Housing and Urban Development. The following are current income limits by family size for the Project:

MEDIAN INCOME LIMIT

<u>Family Size</u>	<u>140% & below</u>
1	40,320
2	46,200
3	51,940
4	57,680
5	62,300

2. By signing this document, we represent that we are a "Gap Group Income Purchaser" within the meaning of those terms, as defined in paragraph 1 above.

3. By signing this document, we represent that we intend to buy a residential unit in the Project and to become an owner-occupant of the unit.

4. By signing this document, we understand and agree that the residential unit which we purchase in the Project must be occupied by us and is not to be rented. The individuals listed below will occupy the unit:

	<u>Name</u>	<u>Age</u>
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____

5. By signing this document, we represent that we are citizens of the United States or resident aliens.

6. By signing this document, we represent that we are Bona fide residents of the State of Hawaii.

HO'OMALU AT WAIKELE

HOUSING APPLICATION

MUST BE FILLED IN COMPLETELY.

Applicant: _____ Spouse: _____

Address: _____

Phone Residence: _____ Business: _____

Number of Family Members to Occupy Home: _____

Total Family Income as Indicated on Tax Return(s): \$ _____

	Yes	No
Are you a US citizen or resident alien?	_____	_____
Are you at least 18 years of age?	_____	_____
Are you a bona fide resident of the State of Hawaii?	_____	_____
Will you live in the home?	_____	_____
Do you own any other property suitable for dwelling purposes?	_____	_____
Are your income tax returns attached?	_____	_____

INCOME TAX RETURNS MUST BE SIGNED

Cash Available for Downpayment: \$ _____

Employer: _____ Monthly Income: \$ _____

Spouse's
Employer: _____ Monthly Income: \$ _____

Interest/Dividend: _____ Monthly Income: \$ _____

Other: _____ Monthly Income: \$ _____

Total Family Monthly Income: \$ _____

Monthly Bills - Auto(s) Balance: \$ _____ \$ _____/mo

Monthly Bills - Charge cards Balance \$ _____ \$ _____/mo

Monthly Bills - Credit Union Balance \$ _____ \$ _____/mo

Monthly Bills - Other Balance \$ _____ \$ _____/mo

Monthly Bills - Other Balance \$ _____ \$ _____/mo

Total Balance \$ _____ \$ _____/mo

SPECIAL CONDITIONS:

1. The information above is being provided by the applicant for the purposes of registration for the purchase of a home in the project listed above.

2. The applicant understands that placement on any waiting list will not be accepted unless the above information is complete and the signed tax returns are attached.

3. Applicant understands that application and placement on the waiting list does not guarantee applicant will qualify to purchase. Final determination will be made by the City Department of Housing & Community Development and the lending institution.

I hereby certify that the information listed above is true and correct to the best of my knowledge.

APPLICANT

SPOUSE

DATE: _____

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Applicant: _____
 Last First Middle Initial(s)

Date of Birth: _____ Sex: _____ SS/Alien ID No. _____

Co-Applicant: _____
 Last First Middle Initial(s)

Date of Birth: _____ Sex: _____ SS/Alien ID No. _____

Marital Status: Single _____ Married _____ Separated/Divorced _____

Current Address: _____

Phone Res: _____ /Bus: _____

Current Housing Expense: \$ _____ Includes Utilities: Yes ___ No ___

LIST BELOW THE NAMES OF ALL MEMBERS OF YOUR HOUSEHOLD:

Name	Relation	SS#	Sex	Age	Employer	FOR OFFICE USE ONLY Verification

<u>INCOME</u>	<u>Applicant</u>	<u>FOR OFFICE USE ONLY Verification</u>	<u>Co-Appl.</u>	<u>FOR OFFICE USE ONLY Verification</u>
Base Pay	_____	_____	_____	_____
Overtime	_____	_____	_____	_____
Commission	_____	_____	_____	_____
Bonus	_____	_____	_____	_____
Cola	_____	_____	_____	_____
Other	_____	_____	_____	_____
Total	\$ _____	_____	_____	_____

Other - Please explain: _____ \$ _____
 _____ \$ _____
 Total Monthly \$ _____ X 12 = Total Annual \$ _____

HO'OMALU AT WAIKELE

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LIST BANK ACCOUNTS:

<u>INSTITUTION</u>	<u>BRANCH</u>	<u>TYPE</u>	<u>BALANCE</u>	<u>FOR OFFICE USE ONLY VERIFICATION</u>
			\$	
			\$	
			\$	
			\$	
			\$	

LIST STOCKS/BONDS:

<u>NAME</u>	<u>STOCKS/ BONDS</u>	<u>NO. OF SHARES</u>	<u>DIV/INT PER YR.</u>	<u>TOTAL AMOUNT</u>	<u>FOR OFFICE USE ONLY VERIFICATION</u>
			\$	\$	
			\$	\$	
			\$	\$	
			\$	\$	

LIST ALL REAL ESTATE HOLDINGS:

<u>ADDRESS</u>	<u>MARKET VALUE</u>	<u>WHEN ACQUIRED</u>	<u>MORTGAGE BALANCE</u>	<u>MONTHLY PAYMENT</u>
			\$	\$
			\$	\$
			\$	\$

Signature

Date

Signature

Date

END OF EXHIBIT "I"

EXHIBIT "J"

**Full Text of Deed Restrictions on Use, Occupancy and
Transfer and "Buy-Back" Option**

PROVIDED, HOWEVER, THAT the use, occupancy and transfer of the premises described in Items **FIRST** and **SECOND** above (the "Apartment") shall be subject to the following restrictions and reservation of right, to wit:

For a period of two (2) years following the date of this Apartment Deed, if the Grantee wishes to transfer title to the Apartment, or if the Grantee leases or rents the Apartment or a portion thereof, or if the Grantee ceases to use and occupy the Apartment as Grantee's principal residence, the City and County of Honolulu (the "City") by and through its Department of Housing and Community Development ("DHCD") or any department of the City which succeeds to the functions of or replaces DHCD, shall have the right, in the nature of an option, to purchase and acquire the Apartment at a price (the "Option Purchase Price") which shall not exceed the sum of:

(A) The original purchase price of the Apartment paid by the Grantee;

(B) The original cost of any improvements added to the Apartment by the Grantee; and

(C) Simple interest on the Grantee's original equity in the Apartment calculated at the rate of seven percent (7%) per annum from the date the Grantee acquires title to the Apartment to the date of acquisition by the City.

The City may exercise its option and purchase the Apartment either outright, free and clear of any and all mortgage liens on the Apartment, or by transfer subject to any existing mortgage lien(s).

If the City elects to make an outright purchase of the Apartment, the City shall insure that all existing mortgage liens and the indebtedness secured thereby are properly discharged. If the City elects to acquire the Apartment subject to existing liens, the City shall agree to assume and pay the balance of indebtedness secured by any purchase money first mortgage and any other recorded creditor's liens on the Apartment. The amount to be paid to the Grantee in such case shall be the difference between the Option Purchase Price described above and the sum of all indebtedness outstanding and assumed by the City at the time title to the Apartment is acquired.

The foregoing restrictions and the option in favor of the City shall not apply in the case of a partial transfer of title to the Apartment to a surviving Grantee by operation law upon the death of a Grantee who held title to the Apartment in joint tenancy with the surviving Grantee, provided that

the restriction and option shall remain in full force and effect with regard to any subsequent transfer by the surviving Grantee. Similarly, the foregoing restriction and option shall not apply in the case of a transfer of title upon the death of the Grantee by devise or the laws of descent, provided that the restrictions and option shall remain in full force and effect with regard to any subsequent transfer or rental of the Apartment by the devisee(s) or heir(s) at law of the Grantee, unless specifically waived in writing by the City.

The foregoing restrictions and the option in favor of the City shall not apply in the case of a transfer of title to the Apartment by or as a result of a mortgage foreclosure, exercise of a power of sale under a mortgage or a conveyance in lieu of foreclosure after a mortgage foreclosure action has been commenced, and said restriction and option may be forever extinguished by such foreclosure actions provided that the holder of the mortgage, prior to initiating foreclosure or exercising a power of sale under its mortgage, gives DHCD (or its successor or replacement department) ninety (90) days prior written notice of the mortgagor's default and its intention to foreclose or exercise power of sale and names the City as a party defendant in any mortgage foreclosure proceedings.

Any law to the contrary notwithstanding, as long as the foregoing restrictions and the option in favor of the City is in effect at the time foreclosure on the Apartment is initiated or a power of sale is exercised, the City shall be entitled to any and all proceeds of sale remaining after payment of the following: (i) all actual costs and expenses of foreclosure and sale, including sums necessary to discharge recorded creditors' liens and encumbrances; and (ii) the difference, if any, between the Option Purchase Price calculated as of the date that such foreclosure action is initiated or power of sale is exercised and the costs and expenses described in (i), which difference, if any, shall be payable to the Grantee.

Exercise of the foregoing option in favor of the City shall be in the sole and absolute discretion of the City, and nothing herein shall be deemed to require the City to exercise its option or to create the right in any third party to require the City to exercise its option. The prior or simultaneous exercise of an option by the City in the case of a proposed transfer or the unauthorized rental of another apartment in the same Condominium under similar circumstances as a proposed transfer or unauthorized rental of the Apartment conveyed by this Apartment Deed shall not in any way obligate the City to exercise its option to purchase in this case. Moreover, a specific waiver of its option or mere failure by the City to exercise its option in the case of a proposed transfer or the rental of the Apartment shall not extinguish the restrictions and option with regard to a subsequent proposed transfer or the rental of the Apartment, and the restrictions and option will remain in full force and effect with respect to same and shall bind the new owner of the Apartment, unless specifically waived in writing by the City.

In enforcing the foregoing restrictions and option, DHCD (or its successor or replacement department) may adopt and employ such reasonable means and procedures as are necessary to verify that the Apartment is being used and occupied by the Grantee or successor to the Grantee as the principal

residence and that the Apartment or a part thereof is not being leased or rented.

In any event, the foregoing restrictions on the use, occupancy and transfer of the Apartment and the reserved right in favor of the City shall expire of their own accord and be null, void and of no further force and effect, without need of any act or writing by the City, at 12:00 midnight on _____.