

CONDOMINIUM PUBLIC REPORT

Prepared &

Issued by: Developer Schuler Homes, Inc.
Address Suite 1060, Pacific Tower, 1001 Bishop Street, Honolulu, Hawaii 96813

Project Name(*): Mahi Ko At Waikele
Address: Managers Drive, Waipahu, Hawaii 96797

Registration No. 2813

Effective date: August 17, 1993

Expiration date: September 17, 1994

Preparation of this Report:

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

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

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

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

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

Type of Report:

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

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

- No prior reports have been issued.
- This report supersedes all prior public reports.
- This report must be read together with _____

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

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

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

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

Summary of Changes from Earlier Public Reports:

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

No prior reports have been issued by the developer.

Changes made are as follows:

1. This Final Public Report reflects updated information on the Condominium included in the Preliminary Public Report, most significantly, the execution and recordation of the Condominium Declaration, the Condominium Map and the By-Laws and the adoption of the Rules and Regulations (“House Rules”) of the Condominium Association. See Part II on pages 5 and 6 of this Report for recordation information. Aside for minor corrections to Condominium Declaration as originally proposed, the Condominium Declaration in its final form contains changes to sections regarding rights reserved to the Developer (“Declarant”) which, in essence, limit the periods of time within which the Developer may exercise its reserved rights. Specifically, the final Condominium Declaration now contains the following reservations of right in favor of the Developer:

a. for a period of 4 years following recordation of the Declaration, to designate, establish and convey to appropriate parties rights-of-way and utility easements through the common elements of this Condominium which benefit this Condominium or adjoining condominium projects and which do not interfere with or impair the use or value of the Condominium or any Apartment;

b. to conduct extensive sales activities within the Condominium and in connection therewith to use, for a period of up to 4 years, any Apartments owned by the Developer as model apartments and sales and management offices, and, for a period of up to 2 years, the common elements of the Condominium (but not limited common elements appurtenant to other Apartments owned by others);

c. for a period of 30 months following the earlier of the completion of the Condominium improvements or the filing of the “As-Built Certificate”, to complete improvements to and correct defects in the Condominium; and

d. until the fifth anniversary of the date of the Condominium Declaration, to make changes to the Condominium Declaration and other Condominium Documents in order that the Condominium qualify for FHA and VA home loan and loan guarantee programs.

2. A new “Specimen Apartment Deed” has been filed with the Commission in connection with this Final Public Report. The revised Deed form contains changes to the restrictions on use, occupancy and transfer of an Apartment and the “buy-back” option in favor of the City and County of Honolulu that were required by the federal Department of Housing and Urban Development in order that the Condominium qualify for FHA and VA home loan and loan guarantee programs. Accordingly, Exhibit “J” attached to this Report, which contains the full text of the restrictions and “buy-back” option, has been changed, and prospective purchasers are urged to read and consider with care the provisions contained in Exhibit “J”.

3. The revised Deed form also contains restated provisions regarding the Developer’s reserved rights which conform to the reserved rights provisions of the Condominium Declaration.

4. Finally, this Final Public Report reflects an additional limitation on the selection of available Apartments for purchase which applies only to prospective applicants for purchase who qualify in Category “A”. This additional limitation is explained in Part V, section C. on page 21 of this Report.

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Schuler Homes, Inc. Phone: 521-5661
Name (Business)
Suite 1060, Pacific Tower, 1001 Bishop St., Honolulu, Hi. 96813
Business Address

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

James K. Schuler, President, Secretary, Treasurer
Michael T. Jones, Executive Vice President
Pamela S. Jones, Vice President of Finance
Harvey L. Goth, Senior Vice President
Thomas A. Bevilacqua, Assistant Secretary

Real Estate Broker: Schuler Realty/Oahu, Inc. Phone: 526-3588
Name (Business)
Suite 1060, Pacific Tower, 1001 Bishop St.
Business Address
Honolulu, Hawaii 96813

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

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

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

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Document No. 93-107473
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 1885
 Filed - Land Court Land Court Condo Map No. _____

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

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

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Document No. 93-107474
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

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

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

	<u>Minimum Set by Law</u>	<u>This Condominium</u>	
Declaration (and Condo Map)	75%*	<u>75%</u>	°Amendments to certain provisions reserving rights to the Declarant can be amended only with the Declarant's consent
Bylaws	65%	<u>65%</u>	
House Rules	---	<u>Majority vote of Association or Board of Directors</u>	

*The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. Developer:

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

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

A. 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 Apartments 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 Horizontal 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.

III. CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer

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

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per Month Year

For Subleaseholds:

- Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
 Canceled Foreclosed
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.
- Individual Apartments in Fee Simple: Common Interest in the Underlying Land in Leasehold or Subleasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____

Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per Month Year

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: Managers Drive Tax Map Key: 9-04-07: 32 (Por.)
Waipahu, Hawaii 96797 (TMK)

Address TMK is expected to change because the Project has not yet been assigned a street address, and a separate Tax Map Key parcel number has not yet been assigned to the Project site.

Land Area: 11.580 square feet acre(s) Zoning: A-1

Fee Owner: Schuler Homes, Inc.
 Name
Suite 1060, Pacific Tower, 1001 Bishop Street
 Address
Honolulu, Hawaii 96813

Sublessor: _____
 Name

 Address

C. Buildings and Other Improvements:

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

2. Number of Buildings: 21 Floors Per Building two (2)

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Glass and other allied building materials

4. Permitted Uses by Zoning:

	No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>		No. of <u>Apts.</u>	Use Permitted <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>228</u>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/Comm	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Other:	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Yes No

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

- Pets: Reasonable number of normal household pets, such as dogs cats aquarium fish and birds; but no livestock or poultry, and no animals classified as "pests" or prohibited from importation under state statutes.
- Number of Occupants: No more than two (2) persons per bedroom, not including infant children and otherwise only in accordance with any limitations imposed by state or municipal law or ordinance
- Other: _____
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 57 Trash Chutes: 0

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
<u>A</u>	<u>48</u>	<u>2/2</u>	<u>830</u>	<u>92</u>
<u>B</u>	<u>24</u>	<u>2/2</u>	<u>754</u>	<u>70</u>
<u>C</u>	<u>48</u>	<u>2/1-1/2</u>	<u>751</u>	<u>93</u>
<u>D</u>	<u>108</u>	<u>2/1</u>	<u>657</u>	<u>86</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 228

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

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

Boundaries of Each Apartment:

Floor area computed in accordance with Condominium Rule 16-107-6, consisting of the enclosed area of the Apartment measured from the interior undecorated surface of the 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, as Apartment Owner may make additions, alteration or improvements solely within his or her Apartment or within a limited common element appurtenant to the Apartment at his or her sole cost and expense; provided, however, that no Owner may do any work to his or her Apartment that could jeopardize the soundness or safety of any part of the Condominium, reduce the value thereof or impair any easement ; nor may any Owner add any material structure without in each case obtaining the prior consent of seventy-five percent (75%) of all of the Owners, including the consent of all Owners whose Apartments or limited common elements will be directly affected. Lanais may not be enclosed. The installation of solar energy devices, as defined by H.R.S. Section 468B-1 shall require approval only by the Board of Directors of the Association of Apartment Owners.

7. Parking Stalls:

Total Parking Stalls: 464

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each unit)	_____	<u>211</u> 6HC	_____	<u>11</u>	_____	_____	<u>228</u>
Guest Unassigned	_____	<u>4</u>	_____	<u>90</u>	_____	_____	<u>94</u>
Extra for Purchase	_____	<u>25</u>	_____	<u>117</u>	_____	_____	<u>142</u>
Other:	_____	_____	_____	_____	_____	_____	_____
Total Covered & Open		<u>246</u>		<u>218</u>		_____	

Each apartment will have the exclusive use of at least one (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 Laundry Area Storage Area
- Recreation Area Tennis Court Trash Chute
- Other: Trash receptacle areas (11); Mail areas (8); Car wash areas (5); Loading area (1)

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

- There are no violations. Violations will not be cured.
- Violations and cost to cure are listed below. Violations will be cured by _____

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years):

(Not applicable)

11. Conformance to Present Zoning Code

- a. No variances to zoning code have been granted.
 Variance(s) to zoning code was/were granted as follows:

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

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

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

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

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

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

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

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

described in Exhibit A

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit 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 used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit C.

as follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit D describes the encumbrances against the title contained in the title report dated July 6, 1993 and issued by First American Title Insurance Company.

Blanket Liens:

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

- There are no blanket liens affecting title to the individual apartments.
- There are blanket liens which may affect title to the individual apartments.

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

Type of Lien

Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance

The Developer has obtained a construction loan in the amount of \$18,845,000.00 which is secured by a blanket mortgage lien in favor of First Hawaiian Bank to which all contracts for the purchase of apartments will be subject and subordinate. The construction mortgage lien contains provisions for the release of individual apartments upon conveyance. See Exhibit D to this Report for recordation information on the construction mortgage.

The Buyer's contract will be subject to cancellation and the Buyer may not be able to purchase the apartment, but all deposits made by the Buyer will be refunded.

F. Construction Warranties:

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

1. Building and Other Improvements:

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

2. Appliances:

The 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, the Developer will endeavor to pass on such warranties to purchasers.

G. Status of Construction and Estimated Completion Date:

Construction of the Condominium has commenced. The estimated completion date is November 30, 1993.

H. Project Phases:

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

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

IV. CONDOMINIUM MANAGEMENT

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

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

The initial condominium managing agent for this project, named on page five (5) of this report, is:

- not affiliated with the Developer
 the Developer or the Developer's affiliate
 self-managed by the Association of Apartment Owners
 other _____

- B. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, 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.

Exhibit E contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

- C. Utility Charges for Apartments:

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

- None
 Electricity (Common areas only)
 Gas
 Water
 Sewer
 Television Cable
 Other Refuse collection

V. MISCELLANEOUS

A. Sales Documents Filed With the Real Estate Commission:

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

- Notice to Owner Occupants
- Specimen Sales Contract
Exhibit G contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated February 2, 1993
Exhibit H contains a summary of the pertinent provisions of the escrow agreement.

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

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

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

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

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

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:
- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
 - B) Declaration of Condominium Property Regime.
 - C) Bylaws of the Association of Apartment Owners.
 - D) House Rules.
 - E) Condominium Map.
 - F) Escrow Agreement.
 - G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
 - H) Other Master Declaration of Covenants, Conditions and Restrictions for the Waikele Community, as amended

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

This Public Report is a part of Registration No. 2813 filed with the Real Estate Commission on February 12, 1993.

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C. Additional Information Not Covered Above

The Project is being developed and marketed in cooperation with the Department of Housing and Community Development (“DIICD”) of the City and County of Honolulu (the “City”) and 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 an “affordable” 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.

Priority will be given to families of two (2) or more persons in choosing eligible applicants for purchase who may participate in the Lottery by which prospective purchasers will be selected as discussed below.

A complete 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 certain period of time ranging from 2 to 10 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 cost 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 (1%) 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 applicable "Specimen Apartment 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.**

The apartment units available for purchase are divided into the following 4 price range groups based on the type of unit, with price variations for apartments within each group being based on location within the Project and other market-related factors:

Apartment:	<u>Type A</u>	<u>Type B</u>	<u>Type C</u>	<u>Type D</u>
Price Range:	\$175,000-190,000	\$136,000-166,000	\$136,000-166,000	\$93,000-123,000

To implement the marketing program, eligible applicants for purchase will be divided into 3 categories or groups based on their level of income and family size. A price range will also be established for each group, and prospective purchasers within a certain group will be allowed to purchase only those apartments having prices that are within the price range established for that group or higher. In addition, the prescribed period of time during which the above-described deed restrictions on use, occupancy and transfer and the buy-back option in favor of the City will remain in effect will differ for each group. The purchaser income level groups and corresponding apartment price range limitations and prescribed restrictions and buy-back option periods are as follows:

Purchaser:	Group "A"	Group "B"	Group "C"
<u>Family Size</u>	<u>80% of median income and below</u>	<u>120% of median income and below</u>	<u>140% of median income and below</u>
1	\$27,000	\$38,640	\$45,000
2	\$30,900	\$44,200	\$51,520
3	\$34,750	\$49,700	\$57,960
4	\$38,600	\$55,200	\$64,400
5	\$41,700	\$59,600	\$69,552
Apartment Price Range:	\$92,000-123,000	\$136,000-166,000	\$175,000-190,000
Restriction and Buy-Back Option Period:	10 years	5 years	2 years

There are additional limitations on the selection of apartments which apply **only to prospective purchasers in Group "A"**. Depending upon the prospective purchaser's family size and income, a prospective purchaser in Group "A" must select an apartment in a certain price range, unless no apartments in that price range are available. The specific limitations are as follows:

<u>Purchaser's Family Size</u>	<u>Purchaser's Income Range</u>	<u>Price Range of Units from which Purchaser Must Select</u>
2,3,4 or 5	\$39,900 or less	\$92,000
3,4, or 5	\$30,901 to \$34,750	\$100,000 to \$107,000
4 or 5	\$34,751 to \$41,700	\$112,000 to \$123,000

In the event and only in the event that no apartments are available in the price range from which the prospective purchaser is required to select in accordance with the above limitations, the purchaser may select an apartment falling within the price range immediately above or immediately below the price range from which the purchaser was supposed to select. For example: A family of 4 having an annual income of \$35,000, may select an apartment in the \$100,000 to \$107,000 price range, only if no apartments in the \$112,000 to \$123,000 price range are available. If there are no apartments available in either the 112,000 to \$123,000 price range or the \$100,000 to \$107,000 price range, the purchaser family may select an apartment in the \$92,000 price range.

Application packets were made available to persons interested in purchasing a unit at the office of the Developer until FEBRUARY 20, 1993, to be returned to the office of the Developer in completed form no later than 5:00 P.M., FEBRUARY 22, 1993. Prospective purchasers to whom units will be offered were determined by a LOTTERY held at the Hawaiian Okinawan Center, 94-587 Ukee Street, Waipahu, Hawaii 96797 on MARCH 1, 1993 at 5:00 P.M. Thereafter, the prospective purchasers selected in the lottery will be offered units for purchase for a ten (10) day period following the issuance of the effective date for the Preliminary Report.

ALL PROSPECTIVE PURCHASERS SHOULD ALSO BE AWARE the land under development is subject to certain special conditions and restrictions contained in various documents that affect the land, including (i) the reservations and exceptions contained in that certain Deed dated December 21, 1983, filed in the Office of the Assistant Registrar of the Land Court as Document No. 1209274 and recorded in the Bureau of Conveyances in Book 17537 at Page 36; (ii) the terms and provisions of the Master Declaration Of Covenants, Conditions And Restrictions For The Waikele Community ("Master Declaration"); and (iii) certain special conditions applicable to residential developments within the Waikele Community which are set forth in the Condominium Declaration.

1. Among other things, the reservations contained in the aforesaid 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, successor and assigns does hereby waive any and all claims under any law whatsoever against the Grantor."

2. Basically, the Master Declaration provides:

(a) for the establishment of a non-profit corporation incorporated pursuant to Chapter 415B of the Hawaii Revised Statutes known or to be known as the Waikele Community Association (hereinafter the "Master Association");

(b) that every owner of an apartment in a condominium project in the Waikele Community (including this Condominium) shall be a member of the Master Association by virtue of such ownership;

(c) that each association of owners of a condominium project that is part of the Waikele Community (including the association of this Condominium) will be considered a "Neighborhood Association" of the Master Association.

(d) that the Master Association, through each Neighborhood Association, shall have the power and authority to have levied against each "Lot" (including each apartment in this Condominium) and to have collected from the owner thereof, regular "Maintenance Assessments", "Special Assessments", "Assessments for Capital Contributions" and "Neighborhood Assessments", which are separate from and in addition to the assessments made by the condominium association, to pay the common expenses of this Condominium;

(e) that liens may be created on Lots (including apartments in this Condominium) for non-payment of assessments made in behalf of the Master Association; and

(f) that by acquiring an ownership interest in an apartment in this Condominium, each owner covenants and agrees that he/she and the family, lessees, tenants and guests of such owner will abide by all applicable terms, covenants, conditions and provisions set forth in the Master Declaration and the Articles of Incorporation, By-Laws and any duly adopted rules and regulations of the Master Association.

[It is estimated that the Maintenance Assessments payable to the Master Association during the next year will be approximately \$35.00 per month for regular market price apartment units and one-half (1/2) of the regular assessment, or \$17.50 per month, for "affordable" units.]

3. The special conditions set forth in the Condominium Declaration include:

(a) An acknowledgement and acceptance that the Waikele Community is located near or adjacent to properties (hereinafter referred to as "Agricultural Properties"), that are used for the production of sugar cane, other agricultural uses and the development of alternative energy projects. An easement is reserved over the Waikele Community for the benefit of the owners of the Agricultural Properties and their successors-in-title for the transmission, discharge, or emission of surface water runoff, noise, smoke, soot, dust, noxious vapors, odors and other substances which are created by and result from (i) all activities incidental to the operation of a sugar cane field including, but not limited to, burning sugar cane and bagasse and milling, trucking, and hauling sugar cane; (ii) the operation of diversified agricultural projects; and (iii) the development and operation of alternative energy projects.

(b) An acknowledgement and acceptance that there has been recent development in the Waikele Community and that the development of residential, commercial, recreational and public facility and service projects is ongoing and will continue by the Declarant and others for years to come; and that such development may or will cause dust, noise, vibrations and other nuisances, annoyances, hazards and effects, and subsequent to completion, greater than presently anticipated traffic, lights and other nuisances, annoyances, hazards and effects, all of which are regularly and normally incident to such development.

(c) An acknowledgement and acceptance that the Waikele Community may be in an area in which noise levels exceed noise level standards promulgated by the State of Hawaii and that the Waikele Community is located within an area in which noise levels exceed noise level standards for residential-zoned areas promulgated by the Department of Health, State of Hawaii.

(d) An acknowledgement and covenant by each owner of an apartment (i) that the Waikele Community is located adjacent to a proposed golf course (the "Golf Course") and commercial center (the "Waikele Commercial Center"), both of which are not members of the Master Association; (ii) that such proximity may create conditions of nuisance or hazard to person and/or property as a result of golf course operations, including any existing or future golf driving ranges, clubhouse activities, relocation and reconfiguration of the golf course design or other golf-related activities; and (iii) that the owner shall assume all risks associated with being located in the proximity of the Golf Course or the Waikele Commercial Center, including, but not limited to, the risk of property damage or personal injury arising from stray golf balls or actions incidental to golf course operations and other golf related activities.

(e) An easement permitting golf balls unintentionally to come upon property, if any, immediately adjacent to the Golf Course and permitting golfers at reasonable times and in a reasonable manner to come upon such property to retrieve errant golf balls; provided that, if any of the property is fenced or walled, the golfer is required to seek the property owner's permission before entry.

(f) An easement (i) permitting the Golf Course, its guests, invitees, employees, agents, contractors and designees access and use over all roadways located within the Waikele Community (not including the driveways and parking areas designated as common elements of this Condominium) which are reasonably necessary for travel to and from the entrance to the Waikele Community, to and from the Golf Course and, further, over those portions of the Waikele Community reasonably necessary for the operation, maintenance, repair and replacement of the Golf Course; and (ii) permitting guests of the Golf Course and other permitted members of the public shall have the right to park their vehicles on the roadways located within the Waikele Community (but not the driveways and parking areas designated as common elements of the Condominium) at reasonable times before, during and after golf tournaments and other similar functions held by or at the Golf Course.

(g) Access easements within and buffer zone easements along portions of the Paiwa Street Extension and the Navy Gate Road within the Waikele Community in favor of the United States of America, Department of Navy, in connection with the Navy's access to and possible transporting of munitions to and from the Waikele Branch of the Naval Magazine, Lualualei.

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

Name of Developer

Schuler Homes, Inc.

By: Douglas M. Tonokawa
Duly Authorized Signatory

8/12/93
Date

Douglas M. Tonokawa, Vice President of Finance
(print name & title of person signing above)

Distribution:

Department of Finance, City and County of Honolulu
Planning Department, Department of Land Utilization, City and County of Honolulu
Federal Housing Administration

EXHIBIT A

COMMON ELEMENTS: The proposed Condominium Declaration states that the common elements consists of all portions of the land on which the Condominium is located and all improvements, other than the apartments, including all elements of the Condominium generally described as common elements in the Condominium Property Act which are actually constructed on the land. Without limitation to the generality of the foregoing, the common elements shall include:

(a) The Land in fee simple, subject to easements and restrictions described in Exhibit "A" attached to the proposed Declaration.

(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 building; all exterior stairs, stairways, landings, and railings (except lanai railings); and other building appurtenances, including but not limited to, the electrical cabinets and compartments for waterheaters located on the exteriors of the buildings.

(c) All yards, grounds, landscaping, fences, and refuse areas and facilities.

(d) All sidewalks, pathways, parking stalls, including the ninety-four (94) "guest" parking stalls, the five (5) areas set aside for car wash use, the loading zone and the driveways within the Condominium, all as shown on the Condominium Map.

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

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

Unless clearly repugnant to the context thereof, the term "common elements" also means and includes the limited common elements described in Exhibit B.

END OF EXHIBIT A

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:

- 1) Each apartment will have appurtenant to it at least one parking stall. Each parking stall is identified on the proposed Condominium Map by a parking stall number. The following list is a list of all of the apartments of the Condominium showing the parking stall(s) initially appurtenant to each apartment. A parking stall marked "C" on the following list and on the proposed Condominium Map indicates a parking stall which is "compact" in size. A parking stall marked "HC" on the following list and on the proposed Condominium Map indicates a parking stall which is oversized for the handicapped. **NOTE:** *The additional "C" and "HC" markings appearing on the proposed Condominium Map and/or the following list are for informational purposes only and do not constitute part of the legal identification of a parking stall, the sole means of identification being the parking stall number.*

<u>APARTMENT NO.</u>	<u>STALL NO.</u>	<u>APARTMENT NO.</u>	<u>STALL NO.</u>
A-101	2	E-101	49
A-102	5	E-102	52
A-103	4	E-103	47
A-104	8	E-104	54
A-201	1	E-201	50
A-202	6	E-202	51
A-203	3	E-203	48
A-204	7	E-204	53
B-101	12	F-101	56
B-102	17	F-102	58
B-103	13	F-103	76C
B-104	16	F-104	61
B-201	14	F-105	62
B-202	19	F-106	64HC
B-203	15	F-201	55
B-204	18	F-202	57
C-101	24	F-203	59
C-102	29	F-204	60
C-103	25	F-205	63
C-104	28	F-206	65C
C-201	26	G-101	105
C-202	31	G-102	102
C-203	27	G-103	101
C-204	30	G-104	100
D-101	36	G-105	97
D-102	41	G-106	95
D-103	37	G-201	104
D-104	43HC	G-202	103
D-201	38	G-203	99
D-202	42	G-204	98
D-203	39	G-205	96
D-204	44	G-206	94

<u>APARTMENT NO.</u>	<u>STALL NO.</u>	<u>APARTMENT NO.</u>	<u>STALL NO.</u>
H-101	186	M-101	410
H-102	189	M-102	413
H-103	190	M-103	414
H-104	191	M-104	417
H-105	195	M-105	418
H-106	198HC	M-106	421HC
H-201	187	M-201	411
H-202	188	M-202	412
H-203	192	M-203	415
H-204	193	M-204	416
H-205	196	M-205	419
H-206	197	M-206	420
J-101	242HC	N-101	441
J-102	240	N-102	439
J-103	239	N-103	438
J-104	236	N-104	436
J-105	235	N-105	434
J-106	233	N-106	432
J-201	243	N-201	442
J-202	241	N-202	440
J-203	238	N-203	437
J-204	237	N-204	435
J-205	234	N-205	433
J-206	232	N-206	431
K-101	298	P-101	399
K-102	301	P-102	401
K-103	302	P-103	407
K-104	305	P-104	405
K-105	306	P-201	398
K-106	308	P-202	400
K-201	299	P-203	408
K-202	300	P-204	406
K-203	303	Q-101	372
K-204	304	Q-102	397
K-205	307	Q-103	371
K-206	309	Q-104	368
L-101	331	Q-105	366
L-102	328	Q-106	367
L-103	327	Q-201	396
L-104	323	Q-202	373
L-105	322	Q-203	370
L-106	321	Q-204	369
L-201	330	Q-205	365
L-202	329	Q-206	364
L-203	326		
L-204	325		
L-205	324		
L-206	320		

<u>APARTMENT NO.</u>	<u>STALL NO.</u>	<u>APARTMENT NO.</u>	<u>STALL NO.</u>
R-101	382C	U-101	267C
R-102	362	U-102	254
R-103	360	U-103	268C
R-104	358	U-104	252
R-105	357	U-105	251
R-106	354	U-106	248
R-201	383C	U-201	256
R-202	363	U-202	255
R-203	361	U-203	269C
R-204	359	U-204	253
R-205	356	U-205	250
R-206	355	U-206	249
S-101	276C	V-101	139
S-102	290	V-102	137
S-103	277C	V-103	140
S-104	291	V-104	142
S-105	297	V-105	144
S-106	294	V-106	146
S-201	288	V-201	138
S-202	289	V-202	136
S-203	292	V-203	141
S-204	293	V-204	143
S-205	296	V-205	145
S-206	295	V-206	147
T-101	266	W-101	157
T-102	264	W-102	155
T-103	262	W-103	153
T-104	260	W-104	185C
T-105	259	W-105	151
T-106	128HC	W-106	149
T-201	287	W-201	154
T-202	265	W-202	156
T-203	263	W-203	152
T-204	261	W-204	173C
T-205	258	W-205	150
T-206	257	W-206	148

Additional Parking Stalls Appurtenant to Apartment E-101 Available for Purchase:

9, 10, 11, 20, 21, 22, 23, 32, 33, 34, 35, 40, 45, 46, 66C, 67C, 68C, 69C, 70C, 71C, 72C, 73C, 74C, 75C, 77C, 78C, 84C, 85C, 86C, 87C, 88C, 158, 159, 160, 161, 162, 163, 164C, 165C, 166C, 167C, 168C, 169C, 170C, 171C, 172C, 184C, 194, 199C, 200C, 201C, 202C, 203C, 204C, 205C, 206C, 207C, 208C, 209C, 210C, 211C, 212C, 213C, 214C, 220C, 221C, 222C, 223C, 224C, 225C, 226C, 270C, 271C, 272C, 278C, 279C, 280C, 281C, 310C, 311C, 312C, 313C, 314C, 315C, 316C, 317C, 318C, 319C, 332C, 333C, 334C, 335C, 336C, 337C, 338C, 344C, 345C, 346C, 347C, 348C, 349C, 350C, 377C, 378C, 379C, 380C, 381C, 388C, 389C, 390C, 391C, 392C, 393C, 394C, 395C, 402, 403, 404, 409, 422C, 423C, 424C, 425C, 426C, 427C, 428C, 429C, 430C, 448C, 449C, 450C, 451C, 452C, 453C, 454C, 455C, 456C, 457C, 458C, 459C, 460C, 461C

“Guest” Parking Stalls (identified on the proposed Condominium Map by the letter “G”):

79, 80, 81, 82, 83, 89, 90, 91, 92, 93, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 129, 130, 131, 132, 133, 134, 135, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 215, 216, 217, 218, 219, 227, 228, 229, 230, 231, 244, 245, 246, 247, 273, 274, 275, 282, 283, 284, 285, 286, 339, 340, 341, 342, 343, 351, 352, 353, 374, 375, 376, 384, 385, 386, 387, 443, 444, 445, 446, 447, 462, 463, 464

(NOTE: Those parking stalls listed as “Guest” stalls are common elements for common use. All other parking stalls are limited common elements which may be transferred between apartments in the manner provided for in the proposed Condominium Declaration as long as at least one (1) stall is appurtenant to each apartment. The parking stall initially assigned to an apartment will be identified in the Apartment Deed form the Developer.)

- (2) 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.
- (3) Each compartment containing hot water heaters and located on the exterior of a building adjacent to apartments located in the building are limited common elements to such ground level apartments and to the second story apartments above them which are served by the water heaters contained in the compartment.
- (4) The concrete pad outside the door of each ground level apartment is a limited common element appurtenant to that apartment.
- (5) Each stairway and second floor landing providing access to a second floor apartment is a limited common element appurtenant to that apartment. Those stairways and landings or lanais which serve two or more second floor apartments shall be limited common elements appurtenant to the apartments so served, provided that the portion of such second floor landing or lanai directly adjacent to the entrance of a second floor apartment or the second floor of a two-story apartment is a limited common element appurtenant to that apartment only.
- (6) Each mailbox bearing the same identification 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 elements appertain pursuant to the proposed Condominium Declaration and Section 514A-15(a) of the Horizontal 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 proposed 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 IN THE COMMON ELEMENTS TO BE CONVEYED TO AN APARTMENT BUYER: The proposed 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 A (48):	A-101, A-102, A-103, A-104, A-201, A-202, A-203, A-204, B-101, B-102, B-103, B-104, B-201, B-202, B-203, B-204, C-101, C-102, C-103, C-104, C-201, C-202, C-203, C-204, D-101, D-102, D-103, D-104, D-201, D-202, D-203, D-204, E-101, E-102, E-103, E-104, E-201, E-202, E-203, E-204, P-101, P-102, P-103, P-104, P-201, P-202, P-203, P-204	.5032, except for apartment E-101 which has .5084	24.1588
Type B (24):	Q-103, Q-104, Q-203, Q-204, R-103, R-104, R-203, R-204, S-103, S-104, S-203, S-204, T-103, T-104, T-203, T-204, V-103, V-104, V-203, V-204, W-103, W-104, W-203, W-204,	.4571	10.9704
Type C (48)	Q-101, Q-102, Q-105, Q-106, Q-201, Q-202, Q-205, Q-206, R-101, R-102, R-105, R-106, R-201, R-202, R-205, R-206, S-101, S-102, S-105, S-106, S-201, S-202, S-205, S-206, T-101, T-102, T-105, T-106, T-201, T-202, T-205, T-206, V-101, V-102, V-105, V-106, V-201, V-202, V-205, V-206, W-101, W-102, W-105, W-106, W-201, W-202, W-205, W-206	.4553	21.8544
Type D (108):	F-101, F-102, F-103, F-104, F-105, F-106, F-201, F-202, F-203, F-204, F-205, F-206, G-101, G-102, G-103, G-104, G-105, G-106, G-201, G-202, G-203, G-204, G-205, G-206, H-101, H-102, H-103, H-104, H-105, H-106, H-201, H-202, H-203, H-204, H-205, H-206,	.3983	43.0164

(Type D units
cont.)

J-101, J-102, J-103, J-104,
J-105, J-106, J-201, J-202,
J-203, J-204, J-205, J-206,
K-101, K-102, K-103, K-104,
K-105, K-106, K-201, K-202,
K-203, K-204, K-205, K-206,
L-101, L-102, L-103, L-104,
L-105, L-106, L-201, L-202,
L-203, L-204, L-205, L-206,
M-101, M-102, M-103, M-104,
M-105, M-106, M-201, M-202,
M-203, M-204, M-205, M-206,
N-101, N-102, M-103, N-104,
N-105, N-106, N-201, N-202,
N-203, N-204, N-205, N-206,
U-101, U-102, U-103, U-104,
U-105, U-106, U-201, U-202,
U-203, U-204, U-205, U-206

TOTAL: 100.0000%

END OF EXHIBIT C

EXHIBIT D

Encumbrances Against Title

1. For real property taxes that may be due and owing, reference is made to the Director of Finance, City and County of Honolulu.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. The terms and provisions of that certain Certificate dated March 31, 1986, made by Amfac Property Development Corp., a Hawaii corporation, recorded in the Bureau of Conveyances of the State of Hawaii in Book 19393 Page 686, to which reference is hereby made; re: reclassification of land from Agricultural district to Urban district, subject to conditions set forth therein.
4. The terms and provisions of that certain Certificate dated April 16, 1986, made by Amfac Property Investment Corp., a Hawaii corporation, and Amfac Property Development Corp., a Hawaii corporation, 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 said Bureau of Conveyances in Book 19447 Page 217, to which reference is hereby made; re: reclassification of land from Agricultural district to Urban district, subject to conditions set forth therein.
5. The terms and provisions of that certain Unilateral Agreement and Declaration for Conditional Zoning dated November 14, 1986, made by Amfac Property Investment Corp., a Hawaii corporation, and Amfac Property Development Corp., a Hawaii corporation, 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, to which reference is hereby made.

6. Easement 4, area 19,007 square feet, for sewerline purposes, as shown on File Plan No. 2086.
7. Easement 10, area 33,020 square feet, for landscaping purposes, as shown on File Plan No. 2086.
8. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions as contained in:

LIMITED WARRANTY DEED

Dated: November 5, 1992
 Document No. 92-179401
 to which reference is hereby made

9. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions 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

The foregoing Master Declaration was amended and/or supplemented by the following:

<u>Dated</u>	<u>Document No.</u>	<u>Document No.</u>
January 17, 1991	1795699	----
January 31, 1991	1798643	----
March 25, 1991	1811179	----
December 23, 1991	1875415	----
December 23, 1991	1875423	91-178562
February 4, 1992	1886717	----
May 1, 1992	1909651	92-069912
August 24, 1992	1947290	
November 5, 1992	----	92-179399

10. The terms and provisions of that certain unrecorded Declaration of Development Covenants, Conditions and Restriction dated November 5 1992, made by and between Amfac Property Development Corp., a Hawaii corporation, "Amfac", and Schuler Homes, Inc., a Delaware corporation, "Builder", of which a Memorandum dated November 5, 1992 is recorded in said Bureau of Conveyances as Document No. 92-179400, to which reference is hereby made.
11. The terms and provisions of that certain Subordination and Estoppel dated May 21, 1993, made by and between Amfac Property Development Corp., a Hawaii corporation ("Amfac"), First Hawaiian Bank, a Hawaii corporation ("FHB"), and Schuler Homes, Inc., a Delaware corporation ("Schuler"), recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 93-081283, to which reference is hereby made.

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

Mortgagor: Schuler Homes, Inc., a Delaware corporation
Mortgagee: First Hawaiian Bank, a Hawaii corporation
Dated: May 21, 1993
Document No. 93-081281
To Secure: \$18,845,000.00
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. The terms and provisions of that certain unrecorded Option Agreement and Escrow Instructions dated November 5 1992, made by and between Amfac Property Development Corp., a Hawaii corporation, "Amfac", and Schuler Homes, Inc., a Delaware corporation, "Builder", of which a Memorandum dated November 5, 1992 was recorded in said Bureau of Conveyances as Document No. 92-179402, to which reference is hereby made.

Subordination and Estoppel dated May 21, 1993, recorded in the Bureau of Conveyances as Document No. 93-081283. Re: the foregoing instrument is hereby subordinated to that certain mortgage shown as encumbrance no. 12.

14. **FINANCING STATEMENT**

Debtor: Schuler Homes, Inc.
Secured Party: First Hawaiian Bank
Filed On: May 21, 1993
Document No. 93-081282

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

DECLARATION OF CONDOMINIUM PROPERTY REGIME OF "MAHI KO AT WAIKELE"

Dated: June 25, 1993
Document No. 93-107473

Condominium Map No. 1885, to which reference is hereby made.

16. **BY-LAWS OF THE ASSOCIATION OF APARTMENT OWNERS OF "MAHI KO AT WAIKELE"**

Dated: June 25, 1993
Document No. 93-107474

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>Monthly Fee x 12 months =</u>	<u>Yearly Total</u>
A	127.50	1530.00
A	128.82	1545.84
B	115.82	1389.84
C	115.36	1384.32
D	100.92	1211.04

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

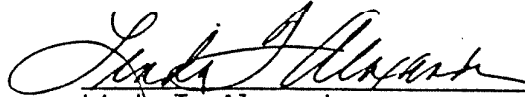
WAIKELE LOT 14

(228 UNITS)

ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS:

	<u>Monthly</u> x 12 months =	<u>Yearly</u> Total
Utilities and Services		
Electricity (Common Elements Only)	500	\$ 6,000
Refuse Collection	2,990	36,880
Water/Sewer	7,050	84,600
Maintenance, Repair & Supplies		
Buildings	400	4,800
Grounds	5,098	61,176
Management		
Management Fee	2,810	33,720
Payroll and Payroll taxes	N/A	N/A
Office Expenses	240	2,880
Insurance	1,620	19,440
Reserves	4,080	48,960
Audit and Tax Preparation	340	4,080
Taxes and Government Assessments	10	120
Other	250	3,000
	<hr/>	<hr/>
TOTAL	\$ 25,338	\$304,656

We, Chaney, Brooks & Company, as managing agents for the condominium project, hereby certify that the above estimates of initial maintenance fee assessments and the monthly cash operating costs were prepared in accordance with generally accepted accounting principals. The information contained herein is based on the data available to us at this time.



Linda T. Alexander
Vice President

12/21/92
Date

END OF EXHIBIT E

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.

END OF EXHIBIT G

EXHIBIT H

ESCROW AGREEMENT SUMMARY

The Escrow Agent sets forth that the Escrow Agent for the Mahi Ko At Waikele condominium project is Security Title Corporation. As such Escrow Agent, 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

MAHI KŌ AT WAIKELE

No. 1441

Name _____

Address _____

Phone (R) (B) _____

Signature _____

Date _____

**MAHI KŌ
AT WAIKELE**

No. 1441

Name: _____

Date: _____

**PLEASE KEEP THIS
PORTION FOR YOUR
RECORDS**

MAHI KO AT WAIKELE
AFFORDABLE HOUSING
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?	_____	_____
Is your income tax return attached?	_____	_____

YOUR INCOME TAX RETURN 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 in the lottery will not be accepted unless the above information is complete and the signed tax returns are attached.

3. Applicant understands that application and placement in the lottery 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: _____

MAHI KO AT WAIKELE - AFFORDABLE TOWNHOMES

HOUSING APPLICATION - PAGE 2

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 TO OCCUPY THE UNIT:

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

INCOME

	<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 \$ _____

Family Size: _____

MAHI KO AT WAIKELE - AFFORDABLE TOWNHOMES

HOUSING APPLICATION - PAGE 3

LIST BANK ACCOUNTS:

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

c:\wp51\docs\housing.app

MAHI KO AT WAIKELE - AFFORDABLE TOWNHOMES

OWNER-OCCUPANT AFFIDAVIT

We, the undersigned "owner-occupants" on this _____ day of _____, 19_____, declare that we are an "Affordable Income Purchaser", who will be "owner-occupants" in the MAHI KO AT WAIKELE, a fee simple multi-family project (the "Project").

We understand and agree that:

1. The term "Affordable Income Purchaser" as used in this document, means a buyer whose income 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 LIMITS

<u>Group</u>	<u>Income Category</u>	<u>NUMBER OF PERSONS HOUSEHOLD</u>			
		<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
A	80%	30,900	34,750	38,600	41,700
B	120%	44,160	49,680	55,200	59,620
C	140%	51,520	57,960	64,400	69,550

2. By signing this document, we represent that we are an "Affordable 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. 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.

7. By signing this document, we represent that we were not owner(s) individually, or with a spouse jointly, of a majority interest, in fee simple or leasehold, in a dwelling unit or of real property within the State of Hawaii on which it was suitable to construct a dwelling unit, at any time within twelve (12) months preceding the date we applied to purchase a unit, and thereafter from the date of the application to the consummation of the purchase.

8. By signing this document, we authorize the City and County of Honolulu, it's designated employees of the Department of Housing and Community Development, to periodically verify compliance with each of the provisions herein.

OWNER-OCCUPANT(S)

ADDRESS

PURCHASER SIGNATURE

CITY, STATE, ZIP CODE

PURCHASER SIGNATURE

PHONE NO. (RESIDENCE)

PURCHASER SIGNATURE

PHONE NO. (BUSINESS)

PURCHASER SIGNATURE

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

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

Notary Public, First Judicial Circuit
State of Hawaii

My Commission Expires:

AFFIDAVIT AS TO FAMILY MEMBER
(To be completed by all applicants)

STATE OF HAWAII) Name(s) of Applicant(s): _____
)
CITY & COUNTY OF HONOLULU) _____

The undersigned applicant(s), being first duly sworn on oath, depose(s) and say(s) that the person(s) named below:

	Names of all household members, including applicant and co-applicant	Age	SS#
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____

- a. currently constitute a family unit, currently living together, and have been living together for at least the one-year period preceding the date of this affidavit.
- b. will reside in the dwelling unit purchased from SCHULER HOMES, INC.
- c. is/are bona fide resident(s) of the State of Hawaii
- d. agree(s) to inform the Department of Housing and Community Development (DHCD) of any changes after this date that affect DHCD's eligibility and preference requirements
- e. authorize(s) DHCD to make all inquiries that DHCD deems necessary to verify the accuracy of the statements made herein and to determine the undersigned eligibility

f. make(s) the declarations in this affidavit that it is a crime punishable by a fine of Five Hundred Dollars (\$500) or imprisonment for 30 days or both to knowingly make a false statement concerning the above facts as applicable under the provisions of the Hawaii Penal Code, Part C, Sec. 710-1063, and DHCD may initiate all legal remedies for enforcement of the provisions including immediate termination, repurchase, foreclosure and eviction.

Signature of Applicant(s):

Subscribed and sworn to before me
this ____ day of _____,
1993.

Notary Public, _____ Judicial Circuit,
State of Hawaii

My commission expires: _____

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**MAHI KO AT WAIKELE
AFFORDABLE TOWNHOMES**

**ELIGIBILITY REQUIREMENTS AND
GUIDELINES FOR BUYER(S)**

1. The applicant(s) must be a citizen of the United States or a permanent resident alien.
2. The applicant(s) must be a bona fide resident of the State of Hawaii.
3. The applicant(s) must be at least eighteen (18) years of age.
4. The applicant(s) must not be an owner individually, or with a spouse jointly, of a majority interest, in fee simple or leasehold, in a dwelling unit or other real property within the State of Hawaii on which it is suitable to construct a dwelling unit, at any time within twelve months preceding the date the applicant applies to purchase a unit and thereafter, from the date of the application to the consummation of the purchase.
5. The applicant(s) understands the City and County of Honolulu's buy-back restriction on use, sale and transfer of the dwelling unit.

Should buyer sell his unit during the restriction period the City has first option to purchase the unit at the original cost, plus cost of any improvements, plus interest on the equity at the rate of seven percent (7%) a year.

6. The applicant must be owner-occupants of the unit during the restriction period and cannot rent out the unit during that time. (Co-mortgagor(s) must be a family member, cannot own more than 1% interest in the unit, nor reside in the unit.)
7. The names of any individual applicant, co-applicant/spouse and members of the household may not appear of more than one application for the project.
8. The applicant must execute an affidavit and provide proof that the individuals that will reside in the unit constitute a household. A household is defined as a single person or a group of persons related by blood, marriage or operation of law, or one or more individuals living with another person determined essential to their well-being.

9. The applicant and co-applicant/spouse's annual gross income must not exceed the income limits listed below:

MEDIAN INCOME LIMITS

<u>Group</u>	<u>Income Category</u>	<u>NUMBER OF PERSONS HOUSEHOLD</u>			
		<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
A	80%	30,900	34,750	38,600	41,700
B	120%	44,160	49,680	55,200	59,620
C	140%	51,520	57,960	64,400	69,550

"Annual Gross Household Income" means the total amount of annual income of the applicant and co-applicant/spouse from all sources before deductions, including but not limited to, social security benefits, deferred compensation, COLA, BAQ, and VHA.

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MAHI KO AT WAIKELE AFFORDABLE TOWNHOMES

INSTRUCTION SHEET

Thank you for your interest in MAHI KO AT WAIKELE. We are pleased to again be chosen as the developer to provide affordable housing in the Waikele master planned community. This will be the last affordable project (as defined by the City & County) in Waikele.

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 3 copies of your latest signed FEDERAL tax return must be either delivered in person or mailed by certified mail to Schuler Homes, 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; or by **FEBRUARY 17, 1993 at 5:00pm**. Applications received after the deadline will be placed on a waiting list *but not put in the initial lottery*.

- 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. Submit original plus one copy.**
- 1a) Real Estate Commission Affidavit
This form must be signed by all parties in front of a notary public. **Submit original plus one copy. YOU MUST SIGN YOUR FULL NAME (NO INITIALS).**
- 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 a permanent 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. **Submit original plus two copies.**
- 3) Tax Returns
You must submit copies of your 1991 or latest year of your FEDERAL tax return with all schedules attached to your DHCD application. **Submit three of each signed by all parties.**
- 4) Affidavit as to Family Member
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. Submit original plus one copy.**

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. The lottery will be conducted on March 1st, 1993 at the Hawaii Okinawan Center located at 94-587 Ukee Street, Waipahu Hawaii at 5:00pm.

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.

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WHAT HAPPENS NEXT?

- 1) Schuler Homes, Inc. will make an initial review of all applications along with the County to determine whether the household meets the County eligibility requirements.
- 2) All applications will be reviewed by a Lender to determine their ability to purchase.
- 3) A lottery will be held to determine order of priority in selecting a home. Applicants are not required to attend the lottery. Preference will be given to family size of two or more. The date of the lottery is March 1st at 5:00pm at the Hawaii Okinawan Center.
- 4) Results of the lottery will be mailed to you. Please do not call our office for the lottery results.
- 5) You will be notified as to the date you must appear to make your unit selection should your lottery number come up.
- 6) At all stages of the application process you will be responsible for notifying Schuler Homes, Inc. of any changes in your mailing address and telephone numbers. Please phone (808) 526-3588 (Honolulu).

If you have any questions please call Schuler Homes, Inc. at 526-3588, Monday thru Friday, 9:00am to 4:30pm.

**ATTENTION PROSPECTIVE
HOUSING APPLICANTS!**
Your completed application
MUST include the following:

- 1) OWNER-OCCUPANT AFFIDAVIT -
Original plus one copy
- 2) REAL ESTATE COMMISSION
AFFIDAVIT - Original plus one copy
- 3) HOUSING APPLICATION FORM -
Original plus two copies
- 4) 1991 OR THE LATEST FEDERAL
TAX RETURNS - Three copies. These
must be signed or there will be a
delay in processing your application.
- 5) AFFIDAVIT AS TO FAMILY
MEMBER - Original plus one copy.

**WE CANNOT STRESS
ENOUGH THAT YOUR
APPLICATION PACKET
MUST BE COMPLETE.**

LAND COURT SYSTEM

REGULAR SYSTEM

Return by Mail () Pickup () To:

FOR DEVELOPER'S USE:

UNIT # _____ TMK # 9-04-07: 32(Por.)
CONDOMINIUM MAP # _____ DECLARATION
OF CONDOMINIUM PROPERTY REGIME
RECORDED AS DOCUMENT # _____
(For Land Court Only) TCT # _____

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

We, the undersigned "owner-occupants," on this ____ day of _____, 199__, hereby declare that it is our intention to purchase and reside in a condominium residential unit designated for an "owner-occupant" in the Mahi Ko At Waikele condominium project proposed by Schuler Homes, Inc. (the "Developer") situated on property identified by TMK# 9-04-07: 32(Por.) and described in Land Court Certificate of Title No. _____.

We understand, affirm, represent and agree by executing this affidavit that:

1. It is our intent to reserve and purchase an owner-occupant designated residential unit ("designated unit") pursuant to section 514A-103, Hawaii Revised Statutes ("HRS"), and upon closing escrow, to reside in the designated unit as our principal residence for 365 consecutive days.
2. The term "owner-occupant" as used herein is defined in section 514A-101, HRS, as:

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

3. We understand that if two or more prospective owner occupants intend to reside jointly in the same designated unit, only one shall be placed on the reservation list in a chronological system or entitled to participate in the lottery.
4. Should we require financing from a financial institution to purchase the designated unit, the financing shall be an owner-occupant mortgage loan. The financial institution is required to take all reasonable steps necessary to determine whether the borrower intends to become an owner-occupant.
5. At any time after obtaining adequate financing or a commitment for adequate financing up until the expiration of this affidavit, (365 days after recordation of the instrument conveying the designated unit to us), we shall notify the Real Estate Commission immediately upon any decision to cease being an owner-occupant of the designated unit.
6. At closing of escrow, we shall file a claim for and secure an owner-occupant property tax exemption with the appropriate county office for the designated unit.
7. We have personally executed this affidavit and we are all of the prospective owner-occupants for the designated unit. This affidavit shall not be executed by an attorney-in-fact.
8. This affidavit shall be reaffirmed at escrow by all the prospective owner-occupants of the designated unit and shall be recorded or made part of the conveying documents. If we are unable to make such reaffirmation, we shall be required to rescind the sales contract. The developer shall accept such rescission. If the sales contract has become binding pursuant to section 514A-62, HRS, the developer may retain our deposit up to an amount not to exceed the greater of five per cent of the deposit or the developer's actual damages, and shall refund the balance, if any, to us.
9. We shall not sell or offer to sell, lease or offer to lease, rent or offer to rent, assign or offer to assign, convey or otherwise transfer any interest in the designated unit until at least 365 consecutive days have elapsed since the recordation of the instrument conveying title to the designated unit to us. Furthermore, we understand that we have the burden of proving our compliance with the law and that any executed contract or instrument in violation of the owner-occupant requirements of Chapter 514A, HRS, shall also be subject to the provisions of section 514A-69, HRS, wherein a sale is voidable at the election of the purchaser for misleading statements and omissions.
10. We understand that it is the affirmative duty of any developer, employee or agent of a developer, and real estate licensees to immediately report to the Real Estate Commission any person who violates or attempts to violate Part VI of Chapter 514A, HRS. No developer, employee or agent of a developer, or real estate licensee shall violate or aid any person in violating Part VI of Chapter 514A, HRS.
11. The Real Estate Commission may require verification of our owner-occupant status and if we fail to submit such verification, we may be subject to a fine in an amount equal to the profit made from the sale, assignment or transfer of the designated unit.

12. Any false statement in this affidavit or violation of the law shall subject us to a misdemeanor charge with a fine not to exceed \$2,000, or by imprisonment of up to a year or both. We further understand that if we violate or fail to comply with Part VI of Chapter 514A, HRS, we shall be subject to a civil penalty of up to \$10,000, or fifty per cent (50%) of the net proceeds received or to be received from the sale, lease, rental, assignment or other transfer of the designated unit, whichever is greater.
13. When required by context, each pronoun reference shall include all numbers (singular or plural) and each gender shall include all genders.

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

1)	Purchaser's signature	Print Name	date
2)	Purchaser's signature	Print Name	date
3)	Purchaser's signature	Print Name	date

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

On this ____ day of _____, 199__, before me personally appeared _____ and _____, to me known to be the person(s) described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed as owner-occupants.

 NOTARY PUBLIC, State of Hawaii
 My commission expires: _____

REAFFIRMATION
(Leave Section Blank Until Escrow Closing)

We represent and affirm that the date next to our name below is the date of the closing of escrow for designated unit # _____ in the condominium project identified on page one of the attached Affidavit.

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

REAFFIRMATION OF OWNER-OCCUPANTS:

- | | | | |
|----|-----------------------|------------|-------|
| 1) | _____ | _____ | _____ |
| | Purchaser's signature | Print Name | date |
| 2) | _____ | _____ | _____ |
| | Purchaser's signature | Print Name | date |
| 3) | _____ | _____ | _____ |
| | Purchaser's signature | Print Name | date |

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

On this ____ day of _____, 199__, before me personally appeared _____ and _____, to me known to be the person(s) described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed as owner-occupants.

NOTARY PUBLIC, State of Hawaii
My commission expires: _____

EXHIBIT J

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 _____ (___) years following the date of recordation of this Apartment Deed, if the Grantee wishes to transfer title to the Apartment, 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 cost of the Apartment to the Grantee;

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

(C) Simple interest on (i) the original cost of the Apartment plus (ii) the cost of Grantee's capital improvements, calculated at the rate of one percent (1.00%) per annum from the date the Grantee acquires title to the Apartment, or the date of the completion of any capital improvements, 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 which were created with the approval and consent of the City. 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 the City acquires title to the Apartment.

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 to a person who is a "qualified resident" as defined in Chapter 201E of the Hawaii Revised Statutes, 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 be automatically extinguished and shall not apply in subsequent transfers of title to the Apartment when a mortgage holder or other party becomes the owner of the Apartment pursuant to a mortgage foreclosure, foreclosure under power of sale, or a conveyance in lieu of foreclosure after a foreclosure action is commenced, or when a mortgage is assigned to a federal housing agency. Prior to commencing mortgage foreclosure proceedings, such mortgage holder or party shall notify the DHCD in writing of (i) any default of the mortgagor under the mortgage within ninety (90) days after the occurrence of the default, (ii) any intention to foreclose the mortgage under Chapter 667, Hawaii Revised Statutes; PROVIDED that the mortgage holder's failure to provide such written notice to DHCD shall not affect such holder's rights under the mortgage. DHCD shall be made a party to any foreclosure action and shall be entitled to all proceeds remaining after payment of (i) all customary and actual costs and expenses of transfer occasioned by the Grantee's default, 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. The term "mortgage holder" as used herein shall include the United States Department of Housing and Urban Development, Federal Housing Administration, the United States Department of Agriculture, the Farmers Home Administration or other federal or state agencies engaged in housing activity, the Administrator of Veterans Affairs, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, and any private mortgage lender, private mortgage insurer and their successors, grantees and assigns.

The City may release the foregoing restrictions and its option if the Apartment is financed under a federally subsidized mortgage program and such restrictions and option would jeopardize the federal government's ability to recapture any interest credit subsidies provided to the Grantee. Similarly, the City may waive any of the foregoing restrictions and its option in order to comply with or conform to the requirements of federal laws or regulations governing mortgage insurance or guarantee programs or requirements set forth by federally chartered secondary mortgage market participants.

In addition, the City may waive the foregoing restrictions without exercising its option to purchase the Apartment, if the sale or transfer of the Apartment would be at a price and upon terms that preserve the intent of Section 201E-221 of the Hawaii Revised Statutes and if the proposed purchaser of the Apartment is a "qualified resident" as defined in Section 201E-2 of the Hawaii Revised Statutes, as determined by DHCD pursuant to its duly adopted rules.

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 of another apartment in the Condominium or in the case of another owner of an apartment in the Condominium ceasing to use such apartment as the owner's principal residence under circumstances similar to a proposed transfer of the Apartment conveyed by this Apartment Deed or the Grantee's cessation of use of the Apartment as the Grantee's principal residence, shall not in any way obligate the City to exercise its option to purchase the Apartment. Moreover, a specific waiver of its option or mere failure by the City to exercise its option in the case of a proposed transfer of the Apartment or the cessation of use of the Apartment as Grantee's principal residence shall not extinguish the restrictions and option with regard to a subsequent proposed transfer or subsequent cessation of use of the Apartment as Grantee's principal residence, 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.

If not previously released or extinguished, the foregoing restrictions on the use, occupancy and transfer of the Apartment and the City's option shall be incorporated in any deed, lease, agreement of sale or any other instrument of conveyance issued by the City.

In any event, the foregoing restrictions and the City's option 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 _____.

The Grantee understands and acknowledges that neither the City nor DHCD is a party to the development or sale of the property hereby conveyed. Therefore, the Grantee hereby agrees to indemnify and hold harmless the City and DHCD, its officers, employees and agents, from and against any of the Grantee's claims arising from the purchase of the property and from and against any damages suffered by the Grantee resulting from workmanship and/or materials.

END OF EXHIBIT J