

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: March 12, 1993 Expiration date: April 12, 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:

X 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.

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

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

SUPPLEMENTARY: This report updates information contained in the: Preliminary Public Report dated: Final Public Report dated: Supplementary Public Report dated:

- And Supersedes all prior public reports Must be read together with This report reactivates the public 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:

## TABLE OF CONTENTS

|  | <b>page</b> |
|--|-------------|
| Preparation of this Report   | 1           |
| Expiration Date of Reports   | 1           |
| Type of Report   | 1           |
| Disclosure Abstract  | 2           |
| Summary of Changes from Earlier Public Reports   | 2           |
| Table of Contents  | 3           |
| General Information on Condominiums  | 4           |
| Operation of the Condominium Project   | 4           |
| <br>   |             |
| I. PERSONS CONNECTED WITH THE PROJECT  | 5           |
| Developer                      Attorney for Developer                      General Contractor  |             |
| Real Estate Broker              Escrow Company                      Condominium Managing Agent |             |
| <br>   |             |
| II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS   |             |
| A. Declaration   | 6           |
| B. Condominium Map (File Plan)   | 6           |
| C. Bylaws  | 6           |
| D. House Rules   | 7           |
| E. Changes to Condominium Documents  | 7           |
| <br>   |             |
| III. THE CONDOMINIUM PROJECT   |             |
| A. Interest to be Conveyed to Buyer  | 8           |
| B. Underlying Land   | 9           |
| C. Buildings and Other Improvements  | 10          |
| D. Common Elements, Limited Common Elements, Common Interest                                   | 13          |
| E. Encumbrances Against Title  | 14          |
| F. Construction Warranties   | 15          |
| G. Status of Construction  | 16          |
| H. Project Phases  | 16          |
| <br>   |             |
| IV. CONDOMINIUM MANAGEMENT   |             |
| A. Management of the Common Elements   | 17          |
| B. Estimate of Initial Maintenance Fees  | 17          |
| C. Utility Charges for Apartments  | 17          |
| <br>   |             |
| V. MISCELLANEOUS   |             |
| A. Sales Documents Filed with the Real Estate Commission                                       | 18          |
| B. Buyer's Right to Cancel Sales Contract  | 18          |
| C. Additional Information Not Covered Above  | 20          |
| D. Signature of Developer  | 24          |
| <br>   |             |
| EXHIBIT A: Common Elements   |             |
| EXHIBIT B: Limited Common Elements   |             |
| EXHIBIT C: Common Interests  |             |
| EXHIBIT D: Encumbrances against Title  |             |
| EXHIBIT E: Estimate of Initial Maintenance Fees  |             |
| EXHIBIT F: Buildings and Common Elements Warranty to be Given to Buyers                        |             |
| EXHIBIT G: Sales Contract Summary  |             |
| EXHIBIT H: Escrow Agreement Summary  |             |
| EXHIBIT I: Owner-Occupant Affidavit and Housing Application                                    |             |
| EXHIBIT J: Text of Deed Restrictions and Buy Back Option                                       |             |

### 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. \_\_\_\_\_  
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. \_\_\_\_\_  
 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. \_\_\_\_\_  
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<br/>Set by Law</u> | <u>This Condominium</u>   |  |
|--------------------------------|-------------------------------|---|--|
| Declaration<br>(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<br/>of Association or<br/>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

[ X ] 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<br><u>Apts.</u> | Use Permitted<br><u>By Zoning</u>                                   |                                       | No. of<br><u>Apts.</u> | Use Permitted<br><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<br>(for each<br>unit) | <u>          </u> | <u>211</u><br>5HC | <u>          </u> | <u>12</u>         | <u>          </u> | <u>          </u> | <u>228</u>        |
| Guest<br>Unassigned            | <u>          </u> | <u>4</u>          | <u>          </u> | <u>90</u>         | <u>          </u> | <u>          </u> | <u>94</u>         |
| Extra for<br>Purchase          | <u>          </u> | <u>25</u>         | <u>          </u> | <u>117</u>        | <u>          </u> | <u>          </u> | <u>142</u>        |
| Other:                         | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| Total<br>Covered & Open        | <u>          </u> | <u>245</u>        | <u>          </u> | <u>219</u>        | <u>          </u> | <u>          </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       | _____X_____       | _____                 | _____          |
| Structures | _____X_____       | _____                 | _____          |
| Lot        | _____X_____       | _____                 | _____          |

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 January 13, 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.

[ X ] There are no blanket liens affecting title to the individual apartments. **BUT SEE BELOW**

[ ] 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

The Developer does intend to obtain a construction loan which will be secured by a blanket mortgage lien to which all contracts for the purchase of apartments will be subject and subordinate. The construction mortgage lien will contain provisions for the release of individual apartments upon conveyance.

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

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:

Site work on the Condominium has commenced. The estimated completion date of the Condominium 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  Gas  Water
- (Common areas only)
- 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, IIRS):

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 \_\_\_\_\_

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.

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

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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 ("DHCD") 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 purchase price of the unit, plus (ii) the original cost of improvements to the unit made by the purchaser, plus (iii) interest on the purchaser's original equity in the unit at the rate of seven percent (7%) per annum. The full text of the restrictions and option in favor of the City is attached to this Report as Exhibit "J" and is also contained in the applicable "Specimen Deed" submitted with this Condominium Registration. **PROSPECTIVE PURCHASERS ARE URGED TO REVIEW AND CONSIDER WITH CARE THE FULL TEXT OF THE RESTRICTION AND OPTION PROVISIONS SET FORTH IN EXHIBIT "J" AND THE SPECIMEN DEED.**

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                                |

The apartment units available for purchase are divided into 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. The price range groups by unit type are as follows:

| 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 |

Application packets have been and/or will be made available to persons interested in purchasing a unit at the office of the Developer until FEBRUARY 20, 1993, and must 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 will be determined by a LOTTERY to be 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 this 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 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 hereby 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 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.

(c) 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.

(d) 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.

(e) 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.

(f) 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:

  
Duly Authorized Signatory

Date

3-11-93

Michael T. Jones, Executive Vice President  
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.*

| APARTMENT<br>NO. | STALL<br>NO. | APARTMENT<br>NO. | STALL<br>NO. |
|------------------|--------------|------------------|--------------|
| 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            | 65C          |
| 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            | 64C          |
|                  |              |                  |              |
| 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<br/>NO.</u> | <u>STALL<br/>NO.</u> | <u>APARTMENT<br/>NO.</u> | <u>STALL<br/>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                  |                          |                      |
| K-204                    | 304                  | Q-101                    | 372                  |
| K-205                    | 307                  | Q-102                    | 397                  |
| K-206                    | 309                  | Q-103                    | 371                  |
| L-101                    | 331                  | Q-104                    | 368                  |
| L-102                    | 328                  | Q-105                    | 366                  |
| L-103                    | 327                  | Q-106                    | 367                  |
| L-104                    | 323                  | Q-201                    | 396                  |
| L-105                    | 322                  | Q-202                    | 373                  |
| L-106                    | 321                  | Q-203                    | 370                  |
| L-201                    | 330                  | Q-204                    | 369                  |
| L-202                    | 329                  | Q-205                    | 365                  |
| L-203                    | 326                  | Q-206                    | 364                  |
| L-204                    | 325                  |                          |                      |
| L-205                    | 324                  |                          |                      |
| L-206                    | 320                  |                          |                      |

| <u>APARTMENT<br/>NO.</u> | <u>STALL<br/>NO.</u> | <u>APARTMENT<br/>NO.</u> | <u>STALL<br/>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<br/>Number of<br/>Apartments</u> | <u>Apartment Numbers</u>  | <u>Percentage of<br/>Undivided<br/>Interest<br/>For<br/>Each Apt.</u> | <u>Total<br/>Percentage<br/>Interest for<br/>Each Apt.<br/>Type</u> |
|--|---|---|---|
| Type A (48):                                 | A-101, A-102, A-103, A-104,<br>A-201, A-202, A-203, A-204,<br>B-101, B-102, B-103, B-104,<br>B-201, B-202, B-203, B-204,<br>C-101, C-102, C-103, C-104,<br>C-201, C-202, C-203, C-204,<br>D-101, D-102, D-103, D-104,<br>D-201, D-202, D-203, D-204,<br>E-101, E-102, E-103, E-104,<br>E-201, E-202, E-203, E-204,<br>P-101, P-102, P-103, P-104,<br>P-201, P-202, P-203, P-204 | .5032, except for<br>apartment E-101<br>which has .5084               | 24.1588   |
| Type B (24):                                 | Q-103, Q-104, Q-203, Q-204,<br>R-103, R-104, R-203, R-204,<br>S-103, S-104, S-203, S-204,<br>T-103, T-104, T-203, T-204,<br>V-103, V-104, V-203, V-204,<br>W-103, W-104, W-203, W-204,  | .4571   | 10.9704   |
| Type C (48)                                  | Q-101, Q-102, Q-105, Q-106,<br>Q-201, Q-202, Q-205, Q-206,<br>R-101, R-102, R-105, R-106,<br>R-201, R-202, R-205, R-206,<br>S-101, S-102, S-105, S-106,<br>S-201, S-202, S-205, S-206,<br>T-101, T-102, T-105, T-106,<br>T-201, T-202, T-205, T-206,<br>V-101, V-102, V-105, V-106,<br>V-201, V-202, V-205, V-206,<br>W-101, W-102, W-105, W-106,<br>W-201, W-202, W-205, W-206 | .4553   | 21.8544   |
| Type D (108):                                | F-101, F-102, F-103, F-104,<br>F-105, F-106, F-201, F-202,<br>F-203, F-204, F-205, F-206,<br>G-101, G-102, G-103, G-104,<br>G-105, G-106, G-201, G-202,<br>G-203, G-204, G-205, G-206,<br>H-101, H-102, H-103, H-104,<br>H-105, H-106, H-201, H-202,<br>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, N-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. **MORTGAGE**

Mortgagor: Schuler Homes, Inc., a Delaware corporation  
Mortgagee: First Hawaiian Bank, a Hawaii corporation  
Dated: December 4, 1992  
Document No. 1977157  
Document No. 92-197852  
To Secure: \$20,000,000.00  
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  
(Also affects other property)

10. 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 instrument 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           |

Subordination and Estoppel dated December 3 1992, filed in said Office of the Assistant Registrar as Document No. 1977158 and also recorded in said Bureau of Conveyances as Document No. 92-197853. Re: the foregoing instrument is hereby subordinated to that certain mortgage shown as encumbrance no. 9.

11. 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.

Subordination and Estoppel dated December 3 1992, filed in said Office of the Assistant Registrar as Document No. 1977158 and also recorded in said Bureau of Conveyances as Document No. 92-197853. Re: the foregoing instrument is hereby subordinated to that certain mortgage shown as encumbrance no. 9.

12. 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 is recorded in said Bureau of Conveyances as Document No. 92-179402, to which reference is hereby made.

Subordination and Estoppel dated December 3 1992, filed in said Office of the Assistant Registrar as Document No. 1977158 and also recorded in said Bureau of Conveyances as Document No. 92-197853. Re: the foregoing instrument is hereby subordinated to that certain mortgage shown as encumbrance no. 9.

13. The terms and provisions of that certain Subordination and Estoppel dated December 3, 1992, 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, "Homes", filed in said Office of the Assistant Registrar as Document No. 1977158 and also recorded in said Bureau of Conveyances as Document No. 92-197853, to which reference is hereby made.
14. The apparent lack of record access to and from a Government Road.

END OF EXHIBIT D

**EXHIBIT E**  
**ESTIMATE OF INITIAL MAINTENANCE FEES**  
**AND**  
**ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

**Estimate of Initial Maintenance Fees:**

| <b><u>Apartment</u></b> | <b><u>Monthly Fee x 12 months = Yearly Total</u></b> |         |
|-------------------------|--|---------|
| 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                      | 500  | \$ 6,000  |
| (Common Elements Only)           |  |           |
| 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: \_\_\_\_\_



INCOME

FOR OFFICE  
USE ONLY  
Verification

FOR OFFICE  
USE ONLY  
Verification

|            | <u>Applicant</u> | <u>Verification</u> | <u>Co-Appl.</u> | <u>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><br><u>VERIFICATION</u> |
|--------------------|---------------|-------------|----------------|---|
|                    |               |             | \$             |   |
|                    |               |             | \$             |   |
|                    |               |             | \$             |   |
|                    |               |             | \$             |   |
|                    |               |             | \$             |   |

**LIST STOCKS/BONDS:**

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

**LIST ALL REAL ESTATE HOLDINGS:**

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



\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

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**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. | _____       | _____      |

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,<br>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 )  
 ) SS.  
CITY AND COUNTY OF HONOLULU )

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 )  
 ) SS.  
CITY AND COUNTY OF HONOLULU )

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 two (2)/five (5)/ten (10) years following the date of recordation of this Apartment Deed, if the Grantee wishes to transfer title to the Apartment, or if the Grantee leases or rents the Apartment or a portion thereof, or if the Grantee ceases to use and occupy the Apartment as Grantee's principal residence, the City and County of Honolulu (the "City") by and through its Department of Housing and Community Development ("DHCD") or any department of the City which succeeds to the functions of or replaces DHCD, shall have the right, in the nature of an option, to purchase and acquire the Apartment at a price (the "Option Purchase Price") which shall not exceed the sum of:

- (A) The original purchase price of the Apartment paid by the Grantee;
- (B) The original cost of any improvements added to the Apartment by the Grantee; and
- (C) Simple interest on the Grantee's original equity in the Apartment calculated at the rate of seven percent (7%) per annum from the date the Grantee acquires title to the Apartment to the date of acquisition by the City.

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

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

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

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

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

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

In enforcing the foregoing restrictions and option, DHCD (or its successor or replacement department) may adopt and employ such reasonable means and procedures as are necessary to verify that the Apartment is being used and occupied by the Grantee or successor to the Grantee as the principal residence and that the Apartment or a part thereof is not being leased or rented.

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

END OF EXHIBIT J