

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer Schuler Homes, Inc.
Address 828 Fort Street Mall, 4th Floor, Honolulu, Hawaii 96813

Project Name(*): Westview at Makakilo Heights, Phase II
Address: Palahia Street, Kapolei, Hawaii

Registration No. 3111

Effective date: July 18, 1994

Expiration date: August 18, 1995

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes. 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.
(yellow)

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

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

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

(*) Exactly as named in the Declaration
FORM: RECO-30 286/986/189/1190/892

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:

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General Information On Condominiums

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

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owner/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 the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

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

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the 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 a 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 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: (808) 521-5661
Name (Business)
828 Fort Street Mall, 4th Floor, Honolulu, Hawaii 96813
Business Address
Honolulu, HI 96813

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: (808) 526-3588
Name (Business)
Suite 1060, Pacific Tower, 1001 Bishop Street
Business Address
Honolulu, HI 96813

Escrow: Security Title Corporation Phone: (808) 521-9511
Name (Business)
Suite 1200, Pacific Tower, 1001 Bishop Street
Business Address
Honolulu, HI 96813

General Contractor: Hawaiian Dredging and Construction Co. Phone: (808) 735-3211
Name (Business)
614 Kapahulu Avenue
Business Address
Honolulu, Hawaii 96815

Condominium Managing Agent: Chaney Brooks & Company Phone: (808) 544-1600
Name (Business)
606 Coral Street; P.O. Box 212
Business Address
Honolulu, HI 96813

Attorney for Developer: Case & Lynch (Dennis M. Lombardi and Scott D. Radovich) Phone: (808) 547-5400
Name (Business)
Grosvenor Center, Mauka Tower
737 Bishop Street, Suite 2600
Business Address
Honolulu, HI 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 Number _____

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 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 Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%*	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>Majority Vote of 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. Upon completion of the Project, the Developer may amend the Declaration and the Condominium Map (if necessary) to file the "as built" verified statement required by Section 514A-12 of the Condominium Property Act.

B. Until all of the apartments have been sold, the Developer may amend the Declaration, the Bylaws and/or the Condominium Map to make such amendments as may be required by law, by the Real Estate Commission, by the title insurance company, by a mortgage lender, or by any governmental agency (including the VA, HUD, FNMA and/or FHLMC), provided that no such amendments change the common interest appurtenant to an apartment or substantially change the design, location or size of an apartment.

C. Until all of the apartments have been sold and the "as built" verified statement is filed, the Developer may amend the Declaration and the Condominium Map to (i) reflect alterations in any apartment which has not been sold; and (ii) reflect minor changes in any apartment or in the common elements which do not affect the physical location, design or size of any apartment which has been sold.

D. The Developer may amend the Declaration to effect an ownership merger of this Project with other condominium projects adjacent to or in the vicinity of this Project. Such merger rights are more particularly described on page 16 of this Public Report.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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: Palahia Street Tax Map Key: (1)9-2-19:57 (portion)
Kapolei, Hawaii (TMK)

[X] Address [X] 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: 13.21 [] square feet [X] acre(s) Zoning: A-1

Lessor

(Fee Owner): Schuler Homes, Inc.
Name

828 Fort Street Mall, 4th Floor
Address

Honolulu, HI 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: 15 Floors Per Building 2

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Metal frames, glass and other building materials

4. Permitted Uses by Zoning:

	No. of Apts.	Use Determined By Zoning		No. of Apts.	Use Determined By Zoning
<input checked="" type="checkbox"/> Residential	<u>172</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:

[X] Pets: Reasonable number of common household pets, such as small dogs, cats, aquarium fish and birds. No livestock or poultry, and no animals classified as "pests" or prohibited from importation under state statutes.

[X] Number of Occupants: No more than 2 persons per bedroom, not including children under 5 years old; no more than 3 persons per bedroom including children under 5 years old; and otherwise only in accordance with any limitations imposed by state or municipal law or ordinance.

[X] Other: Apartments shall be used for residential purposes only; no "time-sharing" permitted.

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: <u>0</u>	Stairways: <u>0 (49 exterior)</u>	Trash Chutes: <u>0</u>		
Apt. Type	Quantity	BR/Bath	Net Living Area(sf)*	Lanai/Patio(sf)
<u>A</u>	<u>12</u>	<u>2/1</u>	<u>657</u>	<u>86</u>
<u>B</u>	<u>24</u>	<u>2/2</u>	<u>796</u>	<u>95</u>
<u>C</u>	<u>40</u>	<u>2/2</u>	<u>750</u>	<u>70</u>
<u>E</u>	<u>32</u>	<u>3/2</u>	<u>980</u>	<u>104</u>
<u>F</u>	<u>32</u>	<u>2/2</u>	<u>843</u>	<u>70</u>
<u>G</u>	<u>32</u>	<u>2/2</u>	<u>807</u>	<u>68</u>
Total Apartments	<u>172</u>			

**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: Each Apartment includes all walls, columns and partitions which are not load-bearing within the Apartment's perimeter walls, the inner decorated or finished surfaces of all walls, floors, ceilings, doors, door frames and window frames along the perimeters, all windows along the perimeters, the air space within the perimeter, the lanais, if any, shown on the Condominium Map to the inner decorated or finished surfaces of the perimeter walls of such lanais and to the interior edge of the exterior railings or other boundaries of such lanais, all fixtures originally installed in the Apartment, and all pipes, plumbing (including water heaters), wires, conduits and other utility or service lines and facilities servicing only the Apartment. The Apartments shall not include the undecorated or unfinished surfaces of the perimeter party or non-party walls, the undecorated or unfinished surfaces of the doors, door frames and window frames along the perimeters, the interior load-bearing columns, girders, beams and walls, the undecorated or unfinished surfaces of the floors and ceiling surrounding each Apartment, the exterior edge of the exterior railings or other exterior boundaries of the lanais, if any, shown on the Condominium Map, or any pipes, shafts, wires, conduits or other utility or service lines running through an Apartment which are utilized for or serve more than one Apartment, all of which are deemed common elements as provided in this Declaration.

Permitted Alterations to Apartments: Alterations or additions solely within an apartment or within a limited common element appurtenant to and for the exclusive use of an apartment shall require the written approval of the Board of Directors and all apartment owners directly affected, as determined by the Board of Directors. Any alteration or addition different in any material respect from the Condominium Map shall be commenced only pursuant to an amendment to the Declaration, as provided in Section L of the Declaration.

7. Parking Stalls:

Total Parking Stalls: 374

	<u>Regular</u>		<u>Compact</u>		<u>Tandem</u>		<u>TOTAL</u>
	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	<u>covered</u>	<u>open</u>	
Assigned (for each unit)	<u>168</u>	<u>66*</u>	<u>12</u>	<u>98</u>	<u> </u>	<u> </u>	<u>344</u>
Guest	<u> </u>	<u>9</u>	<u> </u>	<u>21</u>	<u> </u>	<u> </u>	<u>30</u>
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Extra for Purchase	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other:	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Covered & Open	<u>243</u>	<u> </u>	<u>131</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Each apartment will have the exclusive use of at least 2 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

* Parking Stall Nos. 368HC and 369HC are handicap accessible stalls.

Commercial parking garage permitted in condominium project.

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

8. Recreational and Other Common Facilities.

There are no recreational or common facilities.

Swimming pool Storage Area Recreation Area

Laundry Area Tennis Court Trash Chute

Other: Trash receptacle areas (15); Mail areas (1); Car wash areas (3); Loading areas (2)

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

There are no violations. Violations will not be cured.

Violations and cost to cure are listed below. Violations will be cured by _____

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

(Not applicable)

11. Conformance to Present Zoning Code

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

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

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

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

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

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

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

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

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

described in Exhibit C.

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit D.

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. 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 E.

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 F describes the encumbrances against the title contained in the title report dated May 6, 1994 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. [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. Buyer's interest will be affected only if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit If Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
Developer may obtain a construction loan which would be secured by a blanket mortgage lien to which all contracts for the purchase of apartments will be subject and subordinate. Any such construction mortgage lien will contain provisions for the release of individual apartments upon 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 will be provided in the form attached to this Public Report as Exhibit G.

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 relating to such appliances or other consumer products, the Developer will endeavor to assign and pass on to each apartment owner the benefit of such warranties.

G. Status of Construction and Estimated Completion Date:

The Developer estimates that construction of the Project will commence in May, 1994, and that construction will be completed by January, 1995.

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):

Merger: The Developer has reserved the right, in its sole and absolute discretion, to merge this Project with other condominium projects for purposes of use, administration and ownership. However, the Developer does not represent or warrant that any such other condominium projects will be developed, or, if developed, will be merged with this Project. See the Declaration of Merger of Condominium Phases dated October 4, 1993, recorded as Land Court Document No. 2074550, and on file with the Real Estate Commission, for the details of any such merger. The Buyer should also note Section O of the Declaration for easements reserved to the Developer with respect to the construction, maintenance, operation and merger of any such other condominium projects. Merger for ownership purposes may include a legal consolidation of the land underlying and included in this Project with any parcel(s) of land underlying and included in such other condominium projects to be merged.

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 H 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 I contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated April 29, 1994

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

Other _____

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

A) The Developer delivers to the buyer a copy of:

- 1) Either the Final 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: Declaration of Merger of Condominium Phases; Declaration of Covenants, Conditions and Restrictions of the Palehua Community dated January 14, 1977, recorded as Land Court Document No. 801577.

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, Hawaii 96809, at a nominal cost.

This Public Report is a part of Registration No. 3111 filed with the Real Estate Commission on June 1, 1994

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C. Additional Information Not Covered Above

I. Affordable Units

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 prospective purchasers ("Affordable Income Purchasers") whose incomes do not exceed 80% 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. As a result, certain selected Apartments (the "Affordable 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 such Affordable Units will be made available only to persons who qualify as Affordable Income Purchasers.

Following are the income limits (as of May, 1993), by family size, for qualification as Affordable Income Purchasers for purposes of this Project:

<u>Family Size</u>	<u>80% Income Limit</u>
1	\$27,800
2	31,750
3	35,750
4	39,700
5	42,900

In addition, to be eligible to purchase an Affordable Unit, a prospective purchaser must:

1. Be a citizen of the United States or a permanent resident alien;
2. Be a bona fide resident of the State of Hawaii;
3. Be at least 18 years of age;
4. 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 prospective purchaser applies to purchase an Affordable Unit and thereafter, from the date of the application to the consummation of the purchase;
5. Represent that the prospective purchaser intends to become an owner-occupant of the Affordable Unit and agree that the Affordable Unit will be occupied by the prospective purchaser and will not be rented; and
6. Submit personal information, including income tax returns, by which DHCD will evaluate the prospective purchaser's eligibility to purchase an Affordable Unit.

Priority will be given to families of two 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 is specifically contained in an "Owner-Occupant Affidavit" form and a "Housing Application" form, both of which must be completed and signed by all prospective purchasers. Copies of these forms, together with an instruction sheet, are attached to this Public Report as Exhibit "K". Prospective purchasers should review these forms thoroughly before applying to purchase an Affordable Unit in the Project.

Prospective purchasers of Affordable Units in the Project should also be aware that because of the favorable pricing of the Affordable Units and in order to enforce the owner-occupant agreements of the purchaser, ***EACH DEED TO AN AFFORDABLE UNIT WILL CONTAIN RESTRICTIONS ON THE USE, OCCUPANCY AND TRANSFER OF THE AFFORDABLE UNIT AND A "BUY-BACK" OPTION IN FAVOR OF THE CITY WHICH WILL REMAIN IN EFFECT FOR TEN YEARS.*** In essence, the deed restrictions and option provide that during such ten year period, if the purchaser wishes to sell the Affordable Unit, or if the purchaser ceases to use and occupy the Affordable Unit as the purchaser's principal residence, the City will have the option to "buy-back" the Affordable Unit at a limited price not exceeding: (i) the original cost of the Affordable Unit to the purchaser, plus (ii) the original cost of capital improvements to the Affordable Unit made by the purchaser, plus (iii) interest on the original cost of the Affordable Unit and the cost of the purchaser's capital improvements calculated at the rate of one percent (1%) per year. The full text of the restrictions and option in favor of the City is attached to this Public Report as Exhibit "L" and is also contained in the applicable "Specimen Apartment Deed" on file with the Real Estate Commission. Prospective purchasers

should review thoroughly and consider with care the full text, and the implications, of the restrictions and option provisions set forth in Exhibit "L" and the Specimen Apartment Deed.

The following Apartments in the Project are designated by the Developer as Affordable Units, all of which are Type A units:

S101	S105	S203
S102	S106	S204
S103	S201	S205
S104	S202	S206

II. Additional Conditions and Restrictions Affecting the Land

All prospective purchasers should also be aware that the land underlying and included in this condominium project is subject to certain conditions and restrictions contained in various documents that affect the land, including: (i) the covenants, conditions, restrictions, reservations, agreements, obligations and other provisions contained in the Declaration of Covenants, Conditions and Restrictions of the Palehua Community (the "Palehua Community Restrictions") dated January 14, 1977, recorded at the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 801577; (ii) the reservations and exceptions contained in Deeds (the "Deeds") dated December 22, 1989, recorded as Document Nos. 1693440 and 1693442; and (iii) certain disclosures and waivers applicable to developments within the Palehua community, as set forth in Section Q.2 of the Declaration.

1. Among other things, the Palehua Community Restrictions provide:

- (a) For the establishment of a non-profit corporation known as the Palehua Community Association (the "Palehua Association");
- (b) That each owner of any "lot" (including each Apartment in this Project) within the Palehua Community shall automatically be a member of the Palehua Association upon acquiring such ownership;
- (c) That the Palehua Association has the power and authority to have levied against each "lot" (including each Apartment in this Project) within the Palehua Community, and to have collected from the owner thereof (including each Owner of an Apartment in this Project) maintenance assessments and special assessments which are separate from and in addition to the assessments made by the Association to pay the common expenses of this Project;
- (d) That liens may be created on each "lot" (including each Apartment in this Project) within the Palehua Community for non-payment of assessments made on behalf of the Palehua Association; and
- (e) That alterations and improvements to any "lot" (including each Apartment in this Project) within the Palehua Community may be subject to the prior written approval of the "Design Committee", as established by and pursuant to the Palehua Community Restrictions.

It is estimated that the maintenance assessments payable to the Palehua Association during the next year will be approximately \$1.50 per month for each Apartment in the Project.

2. Among other things, the reservations and exceptions contained in the Deeds include: (a) the reservation to the Grantors therein (the Trustees of the Campbell Estate) of all water rights with respect to the Property, subject to certain restrictions; (b) the right of the Grantors therein to use roads on the Property; and (c) the right of the Grantors therein to use all easement areas on the Property, subject to certain restrictions.

3. Section Q.2 of the Declaration provides as follows:

Each Owner acknowledges that the Palehua Community is located near or adjacent to properties that are or may be subject to various activities. Such activities include, but are not limited to, real estate development and construction, cattle and other livestock grazing, the cultivation and harvesting (including burning) of sugarcane, quarrying (including the storage and use of munitions or other explosives) and the flight of aircraft over or close to the Palehua Community.

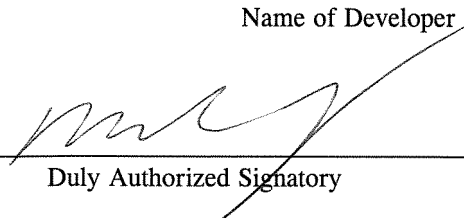
Each Owner also acknowledges that, as a result of such activities, the Palehua Community may be subject to various annoyances, inconveniences and nuisances, including, but not limited to, noise, dust, smoke and earthshocks, and that the roadways of the Palehua Community may be used for the transportation of materials and equipment to and from the adjacent properties.

By acquiring an interest in an Apartment, each Owner covenants and agrees that such Owner, and the tenants, lessees, family, servants, guests, invitees, licensees and employees of such Owner, assumes any and all risks associated with such activities, annoyances, inconveniences and nuisances, and waives all rights to any claim against Declarant, Palailai Associates, Palailai Holdings, Inc., Malama Mohala Corp., Finance Realty Company, Limited and the Trustees Under the Will and of the Estate of James Campbell, Deceased, and/or any of their respective affiliates, arising out of or in connection with such activities, annoyances, inconveniences and nuisances. Such waiver, however, shall not include claims arising out of or in connection with the gross negligence and/or willful misconduct of such entities.

[A similar provision will also be included in the apartment deed by which an apartment will be conveyed to a purchaser.]

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.

Schuler Homes, Inc.
Name of Developer

By:  5/27/94
Duly Authorized Signatory Date

Michael T. Jones, Executive Vice President
print name & title of person signing above

Distribution:

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

EXHIBIT "A"

DESCRIPTION OF BUILDINGS

The Project shall contain fifteen metal-framed buildings (thirteen of which shall each contain twelve apartments and two of which shall each contain eight apartments). Each building shall have two stories or levels. None of the buildings shall have a basement. The buildings shall be constructed principally of metal, wood, glass and related building materials.

There shall be four different building types in the Project, designated as Building Types I, III, IV and VI. Building Type I shall have twelve apartments, all of which are Type A apartments. Each Building Type III shall have eight apartments, four of which are Type B apartments and four of which are Type C apartments. Each Building Type IV shall have twelve apartments, four of which are Type B apartments and eight of which are Type C apartments. Each Building Type VI shall have twelve apartments, four of which are Type E apartments, four of which are Type F apartments, and four of which are Type G apartments.

Each building is identified on the Condominium Map by a capital letter or letters designation (for example "P" or "AA"). The letters "I" and "O" are not used to identify any of the buildings in the Project, so as to prevent confusion of those letters with the number 1 and 0. The following is a list of all of the Project's buildings by building type and letter designation:

<u>Building Type</u>	<u>Building(s)</u>
I	S
III	R, DD
IV	P, Y, AA, BB
VI	Q, T, U, V, W, X, Z, CC

EXHIBIT "B"

PARKING STALLS

Each apartment shall have appurtenant to it the exclusive right to use the parking stall(s) designated below, located as shown on the Condominium Map.

APT. NO.	STALL #1	STALL #2	APT. NO.	STALL #1	STALL #2	APT. NO.	STALL #1	STALL #2	APT. NO.	STALL #1	STALL #2	APT. NO.	STALL #1	STALL #2
P101	33	34	S106	373	352	V201	77	74	Y202	158	C176	BB203	260	261
P102	39	36	S201	C364	360	V202	79	88	Y203	160	C174	BB204	C249	264
P103	41	C54	S202	367	C365	V203	81	90	Y204	162	C171	BB205	C247	266
P104	43	C53	S203	357	359	V204	83	92	Y205	164	169	BB206	C244	268
P105	46	C44	S204	355	354	V205	85	94	Y206	C165	167	CC101	200	C208
P106	48	49	S205	371	353	V206	87	C153	Z101	286	287	CC102	202	C214
P201	32	35	S206	374	351	W101	95	96	Z102	C230	289	CC103	204	216
P202	37	38	T101	324	C318	W102	98	C148	Z103C	C229	291	CC104	199	206
P203	40	C55	T102	326	C316	W103	100	C146	Z104	C226	293	CC105	197	C209
P204	42	C52	T103	C323	333	W104	102	C144	Z105	C224	295	CC106	C211	219
P205	45	C51	T104	C321	334	W105	104	C140	Z106	C223	297	CC201	201	C213
P206	47	C50	T105	328	C315	W106	106	109	Z201	C232	288	CC202	203	C215
Q101	11	16	T106	330	C313	W201	97	C150	Z202	C231	290	CC203	205	217
Q102	13	18	T201	325	C319	W202	99	C149	Z203	C228	292	CC204	C198	207
Q103	15	20	T202	327	C317	W203	101	C147	Z204	C227	294	CC205	C210	218
Q104	22	29	T203	C322	332	W204	103	C145	Z205	C225	296	CC206	C212	220
Q105	24	C61	T204	C320	335	W205	105	C139	Z206	298	299	DD101	192	C194
Q106	26	31	T205	329	C314	W206	107	108	AA101	C242	270	DD102	181	191
Q201	12	17	T206	331	C312	X101	116	117	AA102	C240	272	DD103	182	189
Q202	14	19	U101	336	C311	X102	119	C138	AA103	C239	274	DD104	C185	187
Q203	21	28	U102	338	C309	X103	121	C135	AA104	C237	276	DD201	193	C195
Q204	23	C62	U103	340	C307	X104	123	C134	AA105	C277	279	DD202	180	190
Q205	25	C60	U104	342	C305	X105	125	C131	AA106	281	283	DD203	C183	188
Q206	27	30	U105	344	C303	X106	128	129	AA201	C243	269	DD204	C184	186
R101	1	C71	U106	346	350	X201	115	118	AA202	C241	271			
R102	3	C69	U201	337	C310	X202	120	C137	AA203	C238	273			
R103	5	C67	U202	339	C308	X203	122	C136	AA204	C236	275			
R104	7	9	U203	341	C306	X204	124	C133	AA205	C235	278			
R201	2	C72	U204	343	C304	X205	126	C132	AA206	280	282			
R202	4	C70	U205	345	349	X206	127	C130	BB101	253	255			
R203	6	C68	U206	347	348	Y101	154	155	BB102	252	257			
R204	8	10	V101	76	73	Y102	157	C175	BB103	C250	259			
S101	C363	C362	V102	78	75	Y103	159	C173	BB104	262	263			
S102	366	C361	V103	80	89	Y104	161	C172	BB105	C246	265			
S103	358	368HC	V104	82	91	Y105	163	168	BB106	C245	267			
S104	356	369HC	V105	84	93	Y106	166	170	BB201	254	256			
S105	370	372	V106	86	C152	Y201	156	C177	BB202	251	258			

Note: A parking stall marked with a "C", as shown on the list above and on the Condominium Map, indicates a parking stall that is "compact" in size. A parking stall marked with a number designation only, as shown on the list above and on the Condominium Map, indicates a parking stall that is "standard" in size. A parking stall marked with an "HC" indicates a parking stall that is oversized for the handicapped. The additional "C" and "HC" markings appearing on the list above and/or the Condominium Map are for informational purposes only and do not constitute part of the legal identification of a parking stall, the sole means of legal identification being the numerical designation of the parking stall.

The Project contains the 24 "guest" parking stalls numbered C56G, C57G, C58G, C59G, C63G, C64G, C65G, C66G, 110G, 111G, 112G, 113G, 114G, C141G, C142G, C143G, C151G, C178G, C179G, C196G, 221G, 222G, C233G, C234G, C248G, 284G, 285G, C300G, C301G, and C302G as shown on the Condominium Map and identified thereon as guest stalls by the letter "G."

EXHIBIT "C"

COMMON ELEMENTS

The common elements of the Project shall specifically include, but are not limited to, the following:

1. The land, in fee simple, described in Exhibit "A" attached to the Declaration of Condominium Property Regime.
2. All structural components, such as foundations, girders, columns, beams, floor slabs, supports, main walls, load-bearing walls, floors, ceiling (except the inner or decorated surfaces of such walls, floors and ceilings), roofs, exterior stairs and stairways, landings, railings (except lanai railings), entrances and exists of the buildings and/or apartments, and other building appurtenances, including, but not limited to, the electrical cabinets and compartments for water heaters located on the exteriors of the buildings.
3. All yards, grounds, gardens, planters, plants, landscaping, refuse facilities, barbecue areas, designated children's play areas, and recreational facilities, if any.
4. All sidewalks, pathways, driveways, roads, parking areas and parking stalls (including, without limitation, the 30 "guest" parking stalls numbered C56G, C57G, C58G, C59G, C63G, C64G, C65G, C66G, 110G, 111G, 112G, 113G, 114G, C141G, C142G, C143G, C151G, C178G, C179G, C196G, 221G, 222G, C233G, C234G, C248G, 284G, 285G, C300G, C301G, and C302G as shown on the Condominium Map and identified thereon as guest stalls by the letter "G"), the three areas set aside for car wash use, identified by the "Car W", and the 2 loading zones, identified by "Loading" or "Load G", within the Project, all as shown on the Condominium Map.
5. All ducts, electrical equipment, transformers, wiring, pipes and other central and appurtenant transmissions facilities and installations over, under and across the Project which are utilized by or serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution, if any.
6. All areas, rooms, spaces, structures, housings, chutes, shafts or facilities of the Project within or outside of the buildings, which are for common use or which serve more than one apartment, such as electrical, maintenance, service, security, machine, mechanical and equipment rooms and the equipment, machinery and facilities therein.
7. All the benefits, if any, inuring to the land or to the Project from all easements, if any, shown on the Condominium Map or listed in Exhibit "A" attached to the Declaration of Condominium Property Regime.
8. Any and all apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.
9. All other parts of the Project which are not included in the definition of an apartment.

EXHIBIT "D"

LIMITED COMMON ELEMENTS

Certain apartments shall have appurtenant thereto easements for the exclusive use of certain limited common elements as follows:

1. Parking Stalls:

Each apartment shall have appurtenant to it, as a limited common element, the exclusive right to use such parking stall(s) as designated on Exhibit "B" to this Public Report.

2. Water Heater Compartments:

Each compartment containing water heaters, and located on the exterior of a building adjacent to apartments located in the building, is a limited common element appurtenant to the ground level apartments and to the second story apartments above them which are served by the water heaters contained in the compartment.

3. Concrete Pads:

The concrete pad outside the door of each ground level apartment is a limited common element appurtenant to that apartment.

4. Stairways and Second Floor Landings:

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 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 directly adjacent to the entrance of a second floor apartment is a limited common element appurtenant to that apartment only.

5. Mailboxes:

Each mailbox bearing the same identification as an apartment is a limited common element appurtenant to that apartment.

6. Yard Areas:

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.

EXHIBIT "E"

COMMON INTERESTS

Type and Number of Apartments	Apartment Number	Undivided Common Interest of Each Apartment
A (12)	S101, S102, S103, S104, S105, S106, S201, S202, S203, S204, S205, S206	0.004654 (0.4654%)
B (24)	P101, P106, P201, P206, R101, R104, R201, R204, Y101, Y106, Y201, Y206, AA101, AA106, AA201, AA206, BB101, BB106, BB201, BB206, DD101, DD104, DD201, DD204	0.005639 (0.5639%)
C (40)	P102, P103, P104, P105, P202, P203, P204, P205, R102, R103, R202, R203, Y102, Y103, Y104, Y105, Y202, Y203, Y204, Y205, AA102, AA103, AA104, AA105, AA202, AA203, AA204, AA205, BB102, BB103, BB104, BB105, BB202, BB203, BB204, BB205, DD102, DD103, DD202, DD203	0.005314 (0.5314%)
E (32)	Q101, Q106, Q201, Q206, T101, T106, T201, T206, U101, U106, U201, V101, V106, V201, V206, W101, W106, W201, W206, X101, X106, X201, X206, Z101, Z106, Z201, Z206, CC101, CC106, CC201, CC206	0.006944 (0.6944%)
F (32)	Q102, Q105, Q202, Q205, T102, T105, T202, T205, U102, U105, U202, U205, V102, V105, V202, V205, W102, W105, W202, W205, X102, X105, X202, X205, Z102, Z105, Z202, Z205, CC102, CC105, CC202, CC205	0.005972 (0.5972%)
G (32)	Q103, Q104, Q203, Q204, T103, T104, T203, T204, U103, U104, U203, U204, V103, V104, V203, V204, W103, W104, W203, W204, X103, X104, X203, X204, Z103, Z104, Z203, Z204, CC103, CC104, CC203, CC204	0.005717 (0.5717%)

EXHIBIT "F"

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 Unrecorded Development Rights Agreement dated October 26, 1960, made by and between the Trustees under the Will and of the Estate of James Campbell, Deceased, and Finance Realty Company, Limited, a short form of which is dated May 5, 1966, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 391241, as amended by unrecorded instrument dated December 22, 1976, a short form of which is dated January 12, 1977, filed as Land Court Document No. 801573, and as further amended and restated by unrecorded instrument dated December 24, 1984, a short form of which is dated January 15, 1985, filed as Land Court Document No. 1277747, and as further amended by that certain unrecorded First Amendment to Second Amendment and Restatement of Makakilo Exchange Agreement dated and effective as of October 1, 1987. (also affects other property)
4. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions as contained in:

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE PALEHUA COMMUNITY

Dated: January 14, 1977
Document No.: 801577

5. Covenants, conditions, restrictions, reservations, agreements, obligations and other provisions as contained in:

DECLARATION OF ADDITIONAL PROPERTY TO BE ANNEXED TO THE PALEHUA COMMUNITY

Dated: January 28, 1993
Document No.: 1994020

6. Reservations and exceptions set forth in:

DEED

Dated: December 22, 1989
Document No.: 1693440

7. Reservations and exceptions set forth in:

DEED

Dated: December 22, 1989
Document No.: 1693442

8. **AS TO LOT 7232-B:**

a. Easement 2501, for drainage purposes, as shown on Map 533, as set forth by Land Court Order No. 98972, filed on August 10, 1990. (also affects other property)

9. The terms and provisions of that certain Agreement (Easements and Other Matters) dated January 28, 1993, made by and between Finance Realty Company, Limited, a Hawaii corporation, and Schuler Homes, Inc., a Delaware corporation, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1994021. (also affects other property)

10. The terms and provisions of that certain Agreement (Grading and Other Matters) dated January 28, 1993, made by and between Palailai Associated, a Hawaii general partnership, T.G. Super Exchange Corp., a Hawaii corporation, and Schuler Homes, Inc., a Delaware corporation, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1994022, to which reference is hereby made. (also affects other property)

11. Conditions, restrictions, and obligations and other provisions as contained in:

AGREEMENT FOR ISSUANCE OF CONDITIONAL USE PERMIT UNDER SECTION 4.40-21 OF THE LAND USE ORDINANCE (MAKAKILO HEIGHTS LOTS 7231 AND 7232)

Dated: October 22, 1993
Document No.: 2093211

12. **AS TO LOT 7232-A:**

a. Easement 3719, for electrical purposes, as shown on Map 636, as set forth by Land Court Order No. 111644, filed on May 5, 1993.

b. Easement 3720, for electrical purposes, as shown on Map 636, as set forth by Land Court Order No. 111644, filed on May 5, 1993.

c. **GRANT**

In Favor Of: Hawaiian Electric Company, Inc. and GTE Hawaiian Telephone Company Incorporated, both a Hawaii corporation

Dated: July 1, 1993

Document No.: 2049042

Purpose: Easement 3719 for a switching vault and Easement 3720 for a transformer vault (also affects other property)

13. **GRANT**

In Favor Of: Hawaiian Electric Company, Inc. and GTE Hawaiian Telephone Company Incorporated, both a Hawaii corporation

Dated: March 7, 1994

Document No.: 2140611

Purpose: Granting perpetual right and easement to build, etc., pull boxes, hand holes, transformer vault sites, and underground power lines, etc., over, under, upon, across and through the premises described herein.

14. **AS TO LOT 7232-A**

Easements for various purposes, as shown on Map 672, as set forth by Land Court Order No. 115757 filed March 7, 1994, as follows:

- a. Easement 4353, area 354 square feet, for waterline purposes, in favor of the Board of Water Supply.
- b. Easement 4354, area 3,983 square feet, for utility purposes, in favor of and benefiting Lot 7232-B and Lot 7231.

15. **AS TO LOT 7232-B:**

Easements for various purposes, as shown on Map 672, as set forth by Land Court Order No. 115757, filed March 7, 1994, as follows:

- a. Easement 4355, area 8,832 square feet, for access and utility purposes, in favor of and benefiting Lot 7232-A and Lot 7231.
- b. Easement 4356, area 16,224 square feet, for access and utility purposes, in favor of and benefiting Lot 7232-A.
- c. Easement 4357, area 14,490 square feet, for access and utility purposes, in favor of and benefiting Lot 7231.
- d. Easement 4358, area 15,957 square feet, for utility purposes, in favor of and benefiting Lot 7232-A.

16. Covenants, conditions, restrictions, reservations, agreements, easements, obligations and other provisions as contained in:

DECLARATION OF MERGER OF CONDOMINIUM PHASES WESTVIEW AT MAKAKILO HEIGHTS

Dated: October 13, 1993
Document No. 2074550

EXHIBIT "G"

BUILDINGS AND COMMON ELEMENTS WARRANTY

[form attached]

Warranty of Completion of Construction

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner



OMB Approval No. 2502-0059 (exp. 3/31/94)

Lender's Name, Address & Phone No:

FHA/VA Case Number:

Name(s) of Purchaser/Owner:

Property Address:

For good and valuable consideration, and in accordance with Section 801 of the Housing Act of 1954, and Public Law 85-857 (38 U.S.C. 3705), the undersigned Warrantor hereby warrants to the Purchaser(s) or Owner(s) identified in the caption hereof, and to his/her 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 variations therein) which have been approved in writing by the Federal Housing Commissioner or the Secretary of Veterans Affairs on which the Federal Housing Commissioner or the Secretary of Veterans Affairs based the 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/her (their) successors or transferees shall have given written notice to the Warrantor at any time or times within one year from the date of original conveyance of title to such Purchasers(s)/Owner(s) or the date of initial occupancy, whichever first occurs: Provided further, however, That in the event**

(1) 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 any time or times within one year from the date of completion or initial occupancy of such dwelling, whichever first occurs, or (2) where it has been necessary to postpone improvements such notice of nonconformity to the Warrantor as to such incomplete items may be given at any time or times within one year from the date of full completion of each of such items.

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 Secretary of Veterans Affairs has based the valuation of the property, excepting those constructed by a municipality or other government authority.

The undersigned Warrantor further warrants to the Purchaser(s)/ Owner(s) or his/her (their) successors or transferees, the property against defects in equipment, material, or workmanship and materials supplied or performed by the Warrantor or any subcontractor or supplier at any tier resulting in noncompliance with standards of quality as measured by acceptable trade practices. This warranty shall continue for a period of one year from the date of original conveyance of title to such Purchaser(s) or from the date of full completion of each of any items completed after conveyance of title. The Warrantor shall remedy, at the Warrantor's expense, any defect(s) of equipment, material, or workmanship furnished by the Warrantor. Warrantor shall restore any work damaged in fulfilling the terms and conditions of this warranty.

If a manufactured (mobile) home was erected on this property, the Warrantor further warrants that (1) the property (other than the manufactured unit itself) complies with the submitted construction exhibits; (2) the manufactured home sustained no hidden damage during transportation and erection; and (3) if the home was manufactured in separate sections, the sections were properly joined and sealed.

Manufacturer's Name, Address & Phone No:

This warranty shall be in addition to, and not in derogation of, all other rights and privileges which such Purchaser(s)/ Owner(s) or his/her (their) successors or transferees 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) or his/her (their) successors or transferees heretofore or contemporaneously with the execution of this agreement or prior to final settlement.

This warranty is executed for the purpose of inducing the Federal Housing Commissioner or the Secretary 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 certifies that he/she is authorized to execute the same by the warrantor and by his/her signature the Warrantor is duly bound under the terms and conditions of said warranty. The FHA Commissioner or the Secretary of Veterans' Affairs reserves the right to make a final determination as to whether a defect exists and whether the builder must remedy the defect.

Warrantor's Title, Signature & Date:

Purchaser(s)' acknowledgement:

Signature(s) of Purchaser(s) & Dates:

X
Builder's Name, Address & Phone No:

X

X

Purchaser Note: Any notice of nonconformity must be delivered to the warrantor within the period or periods set forth above.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

EXHIBIT "H"

ESTIMATE OF INITIAL MAINTENANCE FEES

	Phase II - (172 apartments)	
Apartment Type	Monthly Fee (per apt.)	Yearly Total (per apt.)
A	\$89.75	\$1,077.00
B	\$108.73	\$1,304.76
C	\$102.46	\$1,229.52
E	\$133.87	\$1,606.44
F	\$115.15	\$1,381.80
G	\$110.23	\$1,322.76

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

EXHIBIT "H"
WESTVIEW AT MAKAKILO, PHASE II
(172 Units)

ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS:

	<u>Monthly</u> X 12 months = <u>Yearly</u>	
Utilities and Services		
Electricity		
(Common Elements Only)	\$ 407	\$ 4,884
Refuse Collection	2,905	34,860
Water/Sewer	3,569	42,828
Maintenance, Repair & Supplies		
Buildings	535	6,420
Grounds	3,720	44,640
Management		
Management Fee	2,377	23,524
Payroll and Payroll Taxes	0-	0-
Office Expenses	250	3,000
Insurance	3,728	44,736
Reserves	1,500	18,000
Taxes and Government Assessments	40	480
Audit and Tax Preparation	150	1,800
Other	<u>100</u>	<u>1,200</u>
Total	19,281	231,372

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

EXHIBIT "I"

SUMMARY OF SALES CONTRACT

The Deposit Receipt, Reservation and Sales Agreement (the "Sales Contract") contains the price and other terms and conditions under which a purchaser will agree to buy an apartment in the Project. Among other things, the Sales Contract states:

(a) The total purchase price, method of payment and additional sums which must be paid in connection with the purchase of an apartment.

(b) That the purchaser acknowledges having received and read a public report (either preliminary or final) for the Project prior to signing the Sales Contract.

(c) That the Developer makes no representations concerning rental of an apartment, income or profit from an apartment, or any other economic benefit to be derived from the purchase of an apartment.

(d) That the Sales Contract may be subordinate to the lien of a construction lender.

(e) That the purchaser's money will be held in escrow, under the terms of the Escrow Agreement.

(f) Requirements relating to the purchaser's financing of the purchase of an apartment.

(g) That the apartment and the Project will be subject to various other legal documents which the purchaser should examine, and that the Developer may change these documents under certain circumstances.

(h) That, except to the extent of a limited warranty in form attached as Exhibit "G" to this Public Report, the Developer makes no warranties regarding the apartment, the Project or anything installed or contained in the apartment or the Project.

(i) That the Project will be subject to ongoing construction and sales activities which may result in certain annoyances to the purchaser.

(j) That the purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.

(k) That the Developer has reserved certain rights and powers relating to the Project and the purchaser acknowledges and consents to the exercise of such rights and powers.

(l) That except under certain circumstances, as set forth in the Sales Contract, all interest on deposits toward the purchase price shall be the property of the Developer.

The Sales Contract contains various other important provisions relating to the purchase of an apartment in the Project. Purchasers and prospective purchasers should carefully read the specimen Sales Contract on file with the Real Estate Commission.

EXHIBIT "J"

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement sets up an arrangement under which the deposits a purchaser makes pursuant to a Sales Contract will be held by a neutral party ("Escrow"). Under the Escrow Agreement, these things will or may happen:

- (a) Escrow will let the purchaser know when payments are due.
- (b) Escrow will arrange for the purchaser to sign all necessary documents.
- (c) Except under certain circumstances as set forth in the Sales Contract, all deposits toward the purchase price shall be the property of the Developer.
- (d) The purchaser will be entitled to a refund of his or her funds only under certain circumstances as set forth in the Sales Contract.

The Escrow Agreement also establishes the procedures for the retention and disbursement of a purchaser's funds and says what will happen to the funds upon a default under the Sales Contract. The Escrow Agreement contains various other important provisions and establishes certain charges with which a purchaser should be familiar. Purchasers and prospective purchasers should carefully read the signed Escrow Agreement on file with the Real Estate Commission.

EXHIBIT "K"

**WESTVIEW AT MAKAKILO HEIGHTS, PHASE II
UNIT SELECTION FORM AND
NOTICE OF CHRONOLOGICAL RESERVATION SYSTEM
AND RECEIPT OF OWNER-OCCUPANT AFFIDAVIT FORM**

Unit Selection Form

Unit selected _____ Model Style _____

Square Footage _____ Projected Price _____

Reservation List Number: _____

Full Name of Buyers: _____

First Middle Last

First Middle Last

Address: _____

Phone: (Res.) _____ (Bus.) _____

Co-Buyer/Spouse: _____

First Middle Last

First Middle Last

Address: _____

Phone: (Res.) _____ (Bus.) _____

Notice and Receipt

This is a Notice given by SCHULER HOMES, INC. (the "Developer") in regard to a proposed fee simple residential condominium project to be known as "Westview at Makakilo Heights, Phase II" (the "Project"), which the Developer has made preliminary plans to develop at Makakilo, District of Ewa, City and County of Honolulu, Hawaii, TMK No. 9-2-19:57 the purpose of this Notice is to inform prospective purchasers of residential units in the Project of the chronological reservations system that has been established for selecting prospective purchasers who will be offered the opportunity to enter into sales contracts for such units, if the Developer elected to proceed with present plans to construct and market the Project.

By signing below, the undersigned acknowledges the following:

1. The undersigned has received the form of "Affidavit of Intent to Purchase and Reside in an Owner-Occupant designated Condominium Residential Unit" (the "Owner-Occupant Affidavit").

2. The undersigned has read or has been given an opportunity to read the Owner-Occupant Newspaper Announcement ("Pre-Sale Notice") regarding the Project, or a copy thereof, which was first published in the Honolulu Advertiser/Star Bulletin on 4/24/94.

3. Prior to the date on which the Pre-Sale Notice was first published, the undersigned did not receive any information regarding the Project or any advance notice of the first publication date from any person who, to the best of the undersigned's knowledge, is an agent or employee of the Developer, or is a licensed real estate agent.

4. The undersigned has been furnished with or been given an opportunity to review a list of those apartments in the Project which have been designated as "residential units for sale to prospective owner-occupants: ("designated units") pursuant to section 514A-103, HRS.

5. The undersigned understands that the Developer's Real Estate Broker is compiling a "Reservation List of prospective owner-occupants **in the chronological order in which each has submitted both a completed Owner-Occupant Affidavit and an earnest money deposit in the amount of \$1,000.** After the issuance by the Real Estate Commission of an effective date for the first Public Report on the Project, each of the prospective owner-occupants on the final Reservation List will be offered an opportunity to select and enter into a sales contract for the purchase of a designated unit **in the order in which their names appear on the Reservation List.** Those prospective owner-occupants who are not initially offered an opportunity to select and enter into a sales contract for the purchase of a unit, or who initially decline to select and enter into a sales contract, may retain their position on the Reservation List as "back-up" prospective owner-occupants.

6. The undersigned understands that any earnest money deposit which the undersigned submits will be deposited in an escrow account that **will not earn interest for the undersigned's account.** At any time prior to entering into a sales contract for the purchase of a designated unit, the undersigned may request in writing to be removed from the Reservation List and thereupon will receive a full refund of the undersigned's earnest money deposit without interest. If the undersigned is not offered the opportunity to enter into a sales contract within 6 months after the issuance of an effective date for the first Public Report on the Project, or the undersigned elects not to enter into a sales contract, the undersigned will be removed from the Reservation List and receive a full refund of the earnest money deposit without interest.

7. This is a "Notice" to prospective owner-occupants and a "Receipt" for the Owner-Occupant Affidavit only. **This is not a contract and does not give the undersigned any right to purchase a unit in the Project or to have the undersigned's name appear on the Reservation List. To be on the Reservation List, the undersigned must return a fully completed and executed Owner-Occupant Affidavit and make the earnest money deposit set forth above.**

8. The undersigned has signed this Notice and Receipt in the presence of an agent or representative of the Developer or the Developer's Real Estate Broker.

Signature

Signature

Print Name

Print Name

Signature

Signature

Print Name

Print Name

Signed in my presence:

Agent for Developer/Broker

.....
**RECEIPT OF THE WITHIN OWNER-OCCUPANT AFFIDAVIT AND EARNEST MONEY
DEPOSIT ACKNOWLEDGED**

Date: _____ Time: _____ a.m./p.m.

Identification of Deposit: () Cashier's Check

Check No. ____ Bank: _____

By: _____

WESTVIEW AT MAKAKILO HEIGHTS - AFFORDABLE TOWNHOMES

INSTRUCTION SHEET

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 returns must be delivered in person to the Westview at Makakilo Heights sales office located at 92-1175 Palahia Street F205, Kapolei, Hawaii 96707, from 10 to 5 daily by **JUNE 29, 1994 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.**

2) 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).**

3) 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.**

4) Tax Returns

You must submit copies of your 1993 or latest year of your FEDERAL tax returns including all Schedules and W-2 forms, for all household members over 18 years of age. These will be used to determine household eligibility. Please attach these to your DHCD application. **Submit three of each signed by all parties.**

5) Affidavit as to Family Members

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 JULY 6, 1994 at the Westview at Makakilo Heights Sales office at 4:00pm.

WESTVIEW AT MAKAKILO HEIGHTS - 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 together with spouse, nor can spouse own a majority interest in fee simple or leasehold lands suitable for a dwelling unit, or a majority interest in real property under any trust agreement or other fiduciary arrangement in which another person holds the legal title to such real property, within the State of Hawaii, at any time within twelve months preceding the date of the application to purchase a unit 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 which will be 10 years.

Should buyer sell his unit during the restriction period the City has first option to purchase the unit at the original cost, plus simple interest of 1% per annum on original cost and capital improvements from the date the buyer acquires title to the unit to the date of acquisition by the City.

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 on 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; two or more persons related by blood, marriage or operation of law; a live-in non-relative aide living with an elderly, disabled or handicapped person, who is determined to be essential to the care and well-being of that person, as certified by a doctor; two or more persons who have lived together for two or more years who have executed an affidavit, and who have provided proof acceptable to DHCD at its sole discretion. Affidavits from family members or neighbors are not acceptable.
9. The applicant and co-applicant/spouse's gross household income must not exceed the income limits listed below:

<u>Income Category</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
80%	31,750	35,750	39,700	42,900

The total household gross annual income shall include but not be limited to: Wages, salaries, over-time pay, commissions, fees, tips and bonuses and other compensation for personal service; pensions and social security; income derived from assets; dividends and interest; net income from business or profession; deferred compensation; Cost of Living Adjustment (COLA); Basic Allowance for Quarters (BAQ); Variable Housing Allowance (VHA). The Gross Household income shall not include the following: income of a co-mortgagor; income from employment of minor children (including foster children); income from the employment of full-time students under the age of 23 years.

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

We, the undersigned "owner-occupants," on this _____ day of _____, 19____, do hereby declare that it is our intention to purchase and reside in a condominium residential unit designated for an "owner-occupant" in the Westview at Makakilo Heights, Phase II condominium project ("Project") proposed by Schuler Homes, Inc. ("Developer").

We understand, affirm, represent and agree by signing this Affidavit that:

1. It is our intent to reserve and purchase an owner-occupant designated residential unit ("designated unit") pursuant to section 514A-103 of the Owner-Occupant Law, and upon closing escrow, to reside in the designated unit as our principal residence for 365 consecutive days.

2. The term "owner-occupant" as used herein is defined in section 514A-101 of the Owner-Occupant Law as:

"...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." (Emphasis added).

3. We understand that if two or more prospective owner-occupants intend to reside jointly in the same designated unit, only one owner-occupant's name shall be placed on the reservation list for either the chronological system or the lottery system.

4. Should we require financing from a financial institution to purchase the designated unit, the financing shall be an owner-occupant mortgage loan. The financial institution is required to take all reasonable steps necessary to determine whether the borrower intends to become an owner-occupant.

5. At any time after obtaining adequate financing or a commitment for adequate financing up until the expiration of this Affidavit (365 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 by us no earlier than our receipt for the Project's Final Public Report and no later than the closing of escrow for the unit. The developer shall cancel our sales contract or reservation if we fail to make the reaffirmation. If the sales contract has become binding pursuant to section 514A-62 of the Condominium Property Act, we may be considered to be in default under our sales contract, and the Developer may exercise the default or other remedies provided for in the sales contract and any other remedies provided by law.

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.

10. We understand that it is the affirmative duty of any developer, employee or agent of a developer, and real estate licensee, to report immediately to the Real Estate Commission any person who violates or attempts to violate the Owner-Occupant Law. No developer, employee or agent of a developer, or real estate licensee shall violate or aid any person in violating the Owner-Occupant Law.

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 Owner-Occupant 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 the Owner-Occupant Law, we shall be subject to a civil penalty of up to \$10,000, or fifty per cent 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.
 COUNTY OF _____)

On this _____ day of _____, 19 ____, before me personally appeared _____ and _____ 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 After Receipt for the Final Public Report)

We represent and affirm that we have received the Final Public Report for 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, and that the designated unit will be our principal residence for 365 consecutive days after recordation of the instrument conveying the designated unit to us.

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.
 COUNTY OF _____)

On this _____ day of _____, 19 ____, before me personally appeared _____ and _____ 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: _____

WESTVIEW AT MAKAKILO HEIGHTS
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.

**WESTVIEW AT MAKAKILO HEIGHTS - AFFORDABLE TOWNHOMES
HOUSING APPLICATION**

Applicant: _____
 Last First Middle Initial
 Date of Birth: _____ Sex: _____ SS/Alien ID No. _____

Co-Applicant: _____
 Last First Middle Initial
 Date of Birth: _____ Sex: _____ SS/Alien ID No. _____

Marital Status: Single _____ Married _____ Separated/Divorced _____

Current Address: _____

Phone Residence: _____ Business: _____

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

LIST BELOW THE NAMES OF ALL MEMBERS TO OCCUPY THE UNIT:

<u>Name</u>	<u>Relation</u>	<u>SS#</u>	<u>Sex</u>	<u>Age</u>	<u>Employer</u>

INCOME

	<u>Applicant</u>	<u>Co-Applicant</u>
Base Pay	_____	_____
Overtime	_____	_____
Commission	_____	_____
Bonus	_____	_____
Cola	_____	_____
Other	_____	_____
Total	\$ _____	\$ _____

Other - Please explain:
 _____ \$ _____

WESTVIEW AT MAKAKILO HEIGHTS - AFFORDABLE TOWNHOMES
HOUSING APPLICATION

LIST BANK ACCOUNTS:

<u>INSTITUTION</u>	<u>BRANCH</u>	<u>TYPE</u>	<u>BALANCE</u>

LIST STOCKS/BONDS:

<u>STOCKS/ NAME</u>	<u># OF BONDS</u>	<u>DIV/INT SHARES</u>	<u>TOTAL PER YR.</u>	<u>AMOUNT</u>

LIST ALL REAL ESTATE HOLDINGS:

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

Signature

Date

Signature

Date

WESTVIEW AT MAKAKILO HEIGHTS

HOUSING APPLICATION

If your answer is YES to any of the following, you must submit three (3) copies of the additional required documentation.

YES NO

_____ 1. Applicants have been married within the past year or tax returns show different names. **Three copies of the marriage certificate must be submitted.**

_____ 2. Applicant or co-applicant has been divorced at any time. **Three copies of the divorce decree (not divorce certificate) must be submitted.**

_____ 3. Applicants own or have ever owned any type of residential real estate holdings. **Three copies of the deed or proof of sale must be submitted, regardless how much interest applicants owns(ed).**

_____ 4. Applicants are single persons applying together to constitute a household of two or more. **Three copies of proof that applicants have been living together for at least two years is required. Proof can be anything that is dated at least two years ago such as joint checking account or joint billing of some sort. LETTERS OR AFFIDAVITS FROM PARENTS OR OTHER PERSONS STATING THAT THE APPLICANTS HAVE LIVED TOGETHER FOR THE TWO YEAR PERIOD ARE NOT ACCEPTABLE.**

_____ 5. Applicant(s) is a single parent and has never been married. **Three copies of all birth certificates must be submitted, as well as any child support payment documentation.**

THERE MUST BE THREE (3) COMPLETE COPIES OF ALL DOCUMENTATION, INCLUDING THIS ORIGINAL APPLICATION AND SIGNED COPIES OF TAX RETURNS FOR ALL HOUSEHOLD MEMBERS OVER THE AGE OF EIGHTEEN. If you wish to have a copy for your records, please make that in addition to the above referenced three (3) copies.

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

APPLICANT

SPOUSE/CO-APPLICANT

DATE _____

All applications must be hand-delivered and will not be accepted by mail. A Schuler Homes, Inc. representative will review the application while you wait. IF ALL ITEMS ARE NOT COMPLETED OR INCLUDED WITH THE APPLICATION, **UNDER NO CIRCUMSTANCES WILL THE APPLICATION BE ACCEPTED!**

EXHIBIT "L"

**DEED RESTRICTIONS AND BUY-BACK OPTION
[from Specimen Apartment Deed for "Affordable Units"]**

Capitalized terms used in this Exhibit [] and not otherwise defined herein shall have the meanings given to them in the Apartment Deed to which this Exhibit [] is attached and made a part of.

The Grantee understands and agrees that title to the Property is being conveyed to the Grantee subject to the following terms, covenants, conditions, agreements, reservations and restrictions:

For a period of 10 years following the date of recordation of this Apartment Deed, if the Grantee wishes to transfer title to the Property, or if the Grantee ceases to use and occupy the Apartment as the 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 Property at a price (the "Option Purchase Price") which shall not exceed the sum of:

(A) The original cost of the Property to the Grantee, as defined by rules adopted by DHCD;

(B) The cost of any capital improvements added to the Property by the Grantee, as defined by rules adopted by DHCD; and

(C) Simple interest on the original cost of the Property and the cost of the Grantee's capital improvements calculated at the rate of one percent per annum.

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

If the City elects to make an outright purchase of the Property, the City shall ensure that all existing mortgage liens and the indebtedness secured thereby are properly discharged. If the City elects to acquire the Property 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 Property. The amount to be paid to the Grantee in such case shall be the difference between the Option Purchase Price and the sum of all indebtedness outstanding and assumed by the City at the time the City acquires title to the Property.

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 Property to a surviving Grantee by operation of law upon the death of a Grantee who held title to the Property in joint tenancy or tenancy by the entirety 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 to the Property upon the death of the Grantee by devise or the laws of descent to a family member who would otherwise qualify as a qualified resident under rules adopted by DHCD, provided that the restrictions and option shall remain in full force and effect with regard to any subsequent transfer by the devisee(s) or heir(s) at law of the Grantee, unless specifically waived in writing by the City.

The foregoing restrictions and the option in favor of the City shall be automatically extinguished and shall not apply in subsequent transfers of title to the Property when a mortgage holder or other party becomes the owner of the Property pursuant to a mortgage foreclosure, foreclosure under power of sale, or a conveyance in lieu of foreclosure after a foreclosure action is commenced, or when a mortgage is assigned to a federal housing agency. Prior to commencing mortgage foreclosure proceedings, such mortgage holder or party shall notify DHCD

in writing of (i) any default of the mortgagor under the mortgage within ninety days after the occurrence of the default, (ii) any intention to foreclose the mortgage under Chapter 667, Hawaii Revised Statutes; provided that the mortgage holder's failure to provide such written notice to DHCD shall not affect such holder's rights under the mortgage. DHCD shall be made a party to any foreclosure action and shall be entitled to all proceeds remaining after payment of (i) all customary and actual costs and expenses of transfer occasioned by the Grantee's default, and (ii) the difference, if any, between the Option Purchase Price calculated as of the date that such foreclosure action is initiated or power of sale is exercised and the costs and expenses described in (i) above, which difference, if any, shall be payable to the Grantee. The term "mortgage holder" as used herein shall include the United States Department of Housing and Urban Development, Federal Housing Administration, the United States Department of Agriculture, the Farmers Home Administration or other federal or state agencies engaged in housing activity, the Administrator of Veterans Affairs, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, and any private mortgage lender, private mortgage insurer and their successors, grantees and assigns.

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

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

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

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

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

In any event, the foregoing restrictions and the option in favor of the City shall expire of their own accord and be null, void and of no further and effect, without need of any act or writing by the City, at 12:00 midnight on _____, 20__.