

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

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

Project Name(*): Highlands at Waikele
Address: Paiwa Street, Waikele, Hawaii

Registration No. 3148

Effective date: August 31, 1994
Expiration date: September 30, 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: (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

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

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

And [] Supersedes all prior public reports
[] Must be read together with
[] This report reactivates the public 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)
828 Fort Street Mall, 4th Floor
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 & Construction Co. Phone: (808) 735-3211
Name (Business)
619 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, unilaterally or jointly with the owner of an adjoining parcel of land, effect a consolidation and resubdivision of land ("Resubdivision") that will result in a boundary adjustment and reduction in area of the Project land, provided that (i) the Resubdivision does not affect the layout, location and structure of any apartments or other improvements of the Project, (ii) the Resubdivision does not change the common interest appurtenant to any apartment, (iii) the area of the Project land is reduced to approximately 424,036 square feet or 9.7345 acres, and (iv) the Resubdivision is completed before December 1, 1995. When the Resubdivision is completed, the Developer may amend the Declaration and Condominium Map to substitute a new description of the Project land (Exhibit "A") to the Declaration and, if deemed necessary or advisable, to substitute a new site plan as part of the Condominium Map.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- [X] 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: Paiwa Street Tax Map Key: (1)9-4-07-74
Waikele, Hawaii (TMK)

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

Land Area: 16.660* square feet acre(s) Zoning: R-5

*The Project land area may be reduced to approximately 424,036 square feet or 9.7345 acres, as provided in Section Q of the Declaration. See Section IIE.2.D on Page 7 of this public report.

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: 16 Floors Per Building 2

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Wood and metal frames, glass and other building materials

4. Permitted Uses by Zoning:

	No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>		No. of <u>Apts.</u>	Use Determined <u>By Zoning</u>
<input checked="" type="checkbox"/> Residential	<u>118</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

7. Parking Stalls:

Total Parking Stalls: 260

	<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>160</u>	<u> </u>	<u> </u>	<u>76</u>	<u> </u>	<u> </u>	<u>236</u>
Guest Unassigned	<u> </u>	<u> </u>	<u> </u>	<u>24</u>	<u> </u>	<u> </u>	<u>24</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>160</u>	<u> </u>	<u>100</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.

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 (9); Mail areas (3); 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>	<u> </u>	<u> </u>
Structures	<u>X</u>	<u> </u>	<u> </u>
Lot	<u>X</u>	<u> </u>	<u> </u>

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

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

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

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

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

described in Exhibit 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 July 14, 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.

[] There are no blanket liens affecting title to the individual apartments. [See below]

[X] 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>
The Developer has obtained a construction loan secured by a blanket mortgage lien to which all contracts for the purchase of apartments will be subject and subordinate. The construction mortgage contains provisions for the release of individual apartments upon conveyance. The mortgage is in favor of First Hawaiian Bank securing a total debt of \$20,000,000.00.	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:

Construction of the Project commenced in July 1994, and should be completed by approximately 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):

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 May 20, 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: Master Declaration of Covenants, Conditions and Restrictions of the Waikele Community dated December 28, 1990, recorded as Land Court Document No. 1791991, Thirteenth Supplemental Master Declaration of Covenants, Conditions and Restrictions for the Waikele Community, dated January 11, 1994, Land Court Document No. 2107010/Bureau of Conveyances Document No. 94-004356, Memorandum of Declaration of Development Covenants, Conditions and Restrictions (Parcel 10), Dated January 11, 1994, Land Court Document No. 2107011/Bureau of Conveyances Document No. 94-004357.

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. 3148 filed with the Real Estate Commission on August 3, 1994

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C. Additional Information Not Covered Above

I. Additional Conditions and Restrictions Affecting the Land

1. 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 Master Declaration of Covenants, Conditions and Restrictions for the Waikele Community dated December 28, 1990, recorded at the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1791991, as amended; (ii) the reservations and exceptions contained in the Thirteenth Supplemental Master Declaration of Covenants, Conditions and Restrictions for the Waikele Community, dated January 11, 1994, recorded as Land Court Document No. 2107011/Bureau of Conveyances Document No. 94-004356; and (iii) certain other disclosures and waivers applicable to developments within the Waikele Community, as set forth in Section P of the Condominium Declaration.
2. This project has been designed to receive private refuse collection and does not conform to City and County of Honolulu standards for service by municipal refuse collection vehicles.

- 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:  JUL 18 1994
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 sixteen metal-framed buildings (11 of which shall each contain eight apartments and five of which shall each contain six 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, II, V and VI. Each Building Type I shall have eight apartments, all of which are Type A apartments. Building Type II shall have eight apartments, all of which are Type B apartments. Each Building Type V shall have six apartments, four of which are Type E apartments and two of which are Type F apartments. Each Building Type VI shall have eight apartments, four of which are Type G apartments and four of which are Type H apartments.

Each building is identified on the Condominium Map by a capital letter designation (for example "A"). The letters "I" and "O" is not used to identify any of the buildings in the Project, so as to prevent confusion of those letter with the numbers 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	E, J, N, Q
II	R
V	A, B, C, F, M
VI	D, G, H, K, L, P

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.

BLDG.	APT.	STALL #1	STALL #2
A	101	1	2
A	102	6	3
A	103	8	4
A	104	9	10
A	202	5	120C
A	203	7	121C
B	101	11	12
B	102	16	122C
B	103	15	116C
B	104	13	14
B	202	18	117C
B	203	17	118C
C	101	19	20
C	102	23	78C
C	103	24	79C
C	104	21	22
C	202	25	80C
C	203	26	81C
D	101	27	28
D	102	31	82C
D	103	30	83C
D	104	36	35
D	201	29	84C
D	202	32	119C
D	203	33	86C
D	204	34	85C
E	101	37	88C
E	102	43	92C

BLDG.	APT.	STALL #1	STALL #2
E	103	44	94C
E	104	38	89C
E	201	39	90C
E	202	41	91C
E	203	42	93C
E	204	40	101C
F	101	52	47
F	102	46	103C
F	103	49	102C
F	104	51	48
F	202	54	95C
F	203	45	96C
G	101	56	55
G	102	58	105C
G	103	60	107C
G	104	61	64
G	201	53	50
G	202	57	104C
G	203	59	106C
G	204	62	63
H	101	65	67
H	102	70	100C
H	103	72	110C
H	104	74	73
H	201	68	66
H	202	69	108C
H	203	71	111C
H	204	75	109C

BLDG.	APT.	STALL #1	STALL #2
J	101	135	144C
J	102	138	143C
J	103	140	141C
J	104	133	146C
J	201	136	153C
J	202	137	152C
J	203	139	142C
J	204	134	145C
K	101	124	157
K	102	128	158
K	103	129	151C
K	104	131	132
K	201	125	159
K	202	126	154C
K	203	127	150C
K	204	130	149C
L	101	170	169
L	102	163	168
L	103	166	173
L	104	160	161
L	201	171	172
L	202	167	175
L	203	165	174
L	204	162	164
M	101	182	183
M	102	179	205C
M	103	178	206C
M	104	177	176
M	202	181	203C
M	203	180	204C
N	101	191	195C

BLDG.	APT.	STALL #1	STALL #2
N	102	187	201C
N	103	184	185
N	104	193	192
N	201	189	197C
N	202	188	200C
N	203	186	202C
N	204	190	196C
P	101	216	217
P	102	220	213C
P	103	222	211C
P	104	226	227
P	201	218	219
P	202	221	212C
P	203	223	210C
P	204	224	225
Q	101	228	229
Q	102	236	235
Q	103	238	237
Q	104	230	260C
Q	201	231	259C
Q	202	234	256C
Q	203	233	257C
Q	204	232	258C
R	101	239	255C
R	102	242	251C
R	103	244	249C
R	104	246	247C
R	201	240	253C
R	202	241	252C
R	203	243	250C
R	204	245	248C

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. The additional "C" marking 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 76CG, 77CG, 87CG, 97CG, 98CG, 99CG, 112CG, 113CG, 114CG, 115CG, 123CG, 147CG, 148CG, 155CG, 156CG, 194CG, 198CG, 199CG, 207CG, 208CG, 209CG, 214CG, 215CG, and 254CG 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 24 "guest" parking stalls numbered 76CG, 77CG, 87CG, 97CG, 98CG, 99CG, 112CG, 113CG, 114CG, 115CG, 123CG, 147CG, 148CG, 155CG, 156CG, 194CG, 198CG, 199CG, 207CG, 208CG, 209CG, 214CG, 215CG, and 254CG 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 a "CW", and the 2 loading zones, identified by "L", 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 (32)	E101, E102, E103, E104, E201, E202, E203, E204, J101, J102, J103, J104, J201, J202, J203, J204, N101, N102, N103, N104, N201, N202, N203, N204, Q101, Q102, Q103, Q104, Q201, Q202, Q203, Q204	0.007923 (0.7923%)
B-1(2)	R101, R104	0.008196 (0.8196%)
B-2(4)	R102, R103, R202, R203	0.007989 (0.7989%)
B-3(2)	R201, R204	0.009052 (0.9052%)
E(20)	A102, A103, A202, A203, B102, B103, B202, B203, C102, C103, C202, C203, F102, F103, F202, F203, M102, M103, M0202, M203	0.008751 (0.8751%)
F(10)	A101, A104, B101, B104, C101, C104, F101, F104, M101, M104	0.008582 (0.8582%)
G(24)	D102, D103, D202, D203, G102, G103, G202, G203, H102, H103, H202, H203, K102, K103, K202, K203, L102, L103, L202, L203, P102, P103, P020, P203	0.007801 (0.7801%)
H-1(12)	D101, D104, G101, G104, H101, H104, K101, K104, L101, L104, P101, P104	0.009081 (0.9081%)
H-2(12)	D201, D204, G201, G204, H201, H204, K201, K204, L201, L204, P201, P204	0.010248 (1.0248%)

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

SUBJECT, HOWEVER, TO THE FOLLOWING:

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, provisions, covenants, conditions and reservations as contained in:

DEED

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

The foregoing Deed was modified by the following:

PARTIAL RELEASE OF ENCUMBRANCE

Dated: May 28, 1993
Document No.: 2029926
Document No.: 93-087416

4. Certificate dated March 31, 1986, recorded in the Bureau of Conveyances of the State of Hawaii in Book 19393 Page 686, made by Amfac Property Development Corp., a Hawaii corporation. Re: Reclassification of land from Agricultural district to Urban district, subject to the conditions set forth herein.
5. Certificate dated April 16, 1986, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1366767, and also recorded in the Bureau of Conveyances of the State of Hawaii in Book 19447 Page 217, made by Amfac Property Investment Corp., a Hawaii corporation. Re: Reclassification of land from Agricultural district to Urban District, subject to the conditions set forth herein.
6. Unilateral Agreement and Declaration for Conditional Zoning dated November 14, 1986, filed in said Office of the Assistant Registrar as Document No. 1416018, and also recorded in said Bureau of Conveyances in Book 20054 Page 522.
7. **AS TO PARCEL FIRST - LOT 14255:**
 - a) Designation of Easement "5060" (20-foot wide), for buffer zone purposes, as shown on Map 820, as set forth by Land Court Order No. 104945, filed on December 9, 1991.
 - b) Designation of the following easements for various purposes, as shown on Map 872, as set forth by Land Court Order No. 113476, filed on September 17, 1993:

<u>EASEMENT</u>	<u>AREA</u>	<u>PURPOSE</u>
5372	(20-foot wide)	landscaping

	12,394 square feet	
5373	(15-foot wide) 2,904 square feet	drainline
5376	(60-foot wide) 18,410 square feet	access and utility
5377	(10-foot wide) 85 square feet	sewerline

8. **AS TO PARCEL SECOND - LOT 2:**

a) Designation of the following easements for various purposes, as shown on File Plan No. 2057:

<u>EASEMENT</u>	<u>AREA</u>	<u>PURPOSE</u>
16	5-foot wide	irrigation
17	10-foot wide transformer	electrical
18	20-foot wide	landscaping
52	1,196 square feet	landscaping

b) Designation of the following easements for various purposes, as shown on File Plan No. 2101:

<u>EASEMENT</u>	<u>AREA</u>	<u>PURPOSE</u>
A	20-foot wide	landscaping
B	20-foot wide	sewerline

9. Reservation unto Amfac Property Investment Corp., a Hawaii corporation, its successors and assigns, the right to convey or dedicate Roadway Lots 13197, 13203 and 13210 (now known as Lot 13813 as shown on Map 837) and 13215, as shown on Map 820, Roadway Lots 13192 and 13193 as shown on Map 819, and Lots 10 (now known as Lot 1 as shown on File Plan No. 2101), 11, 12 and 13 (now known as Lot C), as shown on File Plan No. 2057, to the City and County of Honolulu or other governmental authority for use as public roadways, as reserved in:

DEED

Dated: January 11, 1994
Document No.: 2107009
Document No.: 94-004355

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

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

Dated: December 28, 1990
Document No. : 1791991, as amended

The foregoing Master Declaration were further amended by the following:

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

Dated: January 11, 1994
Document No.: 2107010
Document No.: 94-004356

11. Unrecorded Declaration of Development Covenants, Conditions and Restrictions dated January 11, 1994, as disclosed by:

MEMORANDUM OF DECLARATION OF DEVELOPMENT COVENANTS, CONDITIONS AND RESTRICTIONS (PARCEL 10)

Dated: January 11, 1994
Document No.: 2107011
Document No.: 94-004357

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

DEED

Dated: January 11, 1994
Document No.: 2107012
Document No.: 94-004358

13. **GRANT**

In Favor of: Waialele Community Association, a Hawaii nonprofit corporation
Dated: January 11, 1994
Document No.: 2107013
Document No.: 94-004359
Purpose: Easement for landscaping purposes over, under, across and through Easements
5372 and A

14. Unrecorded Option Agreement and Escrow Instructions dated January 11, 1994, as disclosed by:

MEMORANDUM OF OPTION AGREEMENT AND ESCROW INSTRUCTIONS (PARCEL 10)

Dated: January 11, 1994
Document No.: 2107014
Document No.: 94-004360

15. **AS TO PARCEL SECOND - LOT 2:**

Concrete pad is outside of Easement "17" by 5.3 feet, as shown on survey map prepared by Wayne M. Teruya, Licensed Surveyor, with Community Planning, Inc., dated December 29, 1993.

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

Mortgagor: Schuler Homes, Inc., a Delaware corporation
Mortgagee: First Hawaiian Bank, a Hawaii corporation
Dated: December 4, 1992
Recorded: December 4, 1992
Document No.: 1977157
Document No.: 92-197852
To Secure: \$20,000,000.00
and any additional advances and other amounts secured thereby, all according to
the terms of that certain promissory note of said mortgagor(s) therein referred to

The foregoing Mortgage was amended by the following:

AMENDMENT TO MORTGAGE, PARTIAL RELEASE AND SUBSTITUTION OF SECURITY

Dated: March 8, 1994
Recorded: March 8, 1994
Document No.: 2125969
Document No.: 94-040793

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. 3/31/81)

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 Purchaser(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) & Date:

X

X

Builder's Name, Address & Phone No:

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, 3852)

Previous editions are obsolete

VA form 26-1859

form HUD-92544 (8/92)
ref. Handbook 4145.1

EXHIBIT "H"

ESTIMATE OF INITIAL MAINTENANCE FEES

Apartment Type	Monthly Fee (per apt.)	Yearly Total (per apt.)
A	\$172.07	\$2,064.84
B-1	\$178.00	\$2,136.00
B-2	\$173.51	\$2,082.12
B-3	\$196.59	\$2,359.08
E	\$190.05	\$2,280.60
F	\$186.38	\$2,236.56
G	\$169.42	\$2,033.04
H-1	\$197.22	\$2,366.64
H-2	\$222.57	\$2,730.84

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

HIGHLANDS AT WAIKELE
(118 Units)

ESTIMATE OF MAINTENANCE FEE DIBURSEMENTS:

	<u>Monthly X 12 months = Yearly</u>	
Utilities and Services		
Electricity (Common Elements Only)	\$ 195	\$ 2,340
Refuse Collection	2,650	31,800
Water/Sewer	4,219	50,628
Maintenance, Repair & Supplies		
Buildings	500	6,000
Grounds	5,458	65,496
Management		
Management Fee	1,834	22,008
Payroll and Payroll Taxes	-0-	-0-
Office Expenses	425	5,100
Insurance	4,622	55,464
Reserves	1,520	18,240
Taxes and Government Assessments	20	240
Audit and Tax Preparation	150	1,800
Other	<u>125</u>	<u>1,500</u>
Total	21,718	260,616

We, Chaney, Brooks & Company as managing agents for the condominium project Highlands at Waikale, 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"

**HIGHLANDS AT WAIKELE
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 "Highlands at Waikele" (the "Project"), which the Developer has made preliminary plans to develop at Waipio and Waikele, District of Ewa, City and County of Honolulu, Hawaii, TMK No. 9-04-07:74 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 June 29, 1994.
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: _____

**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 Highlands at Waikele 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)				date
	Purchaser's signature		Print Name	
2)				date
	Purchaser's signature		Print Name	
3)				date
	Purchaser's signature		Print Name	

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

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: _____

