

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by: Developer SCHULER HOMES, INC. Address 848 Fort Street Mall, 4th Floor, Honolulu, Hawaii 96813 Project Name (*): KALAMAKU'U Address: Mokuhano Street, Honolulu, Hawaii 96825

Registration No. 4628 Effective date: May 18, 2001 Expiration date: February 18, 2002

Preparation of this Report:

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

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

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

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

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

Type of Report:

- PRELIMINARY (yellow)
X CONTINGENT FINAL (green)
FINAL (white)
SUPPLEMENTARY (pink)
And

(*) Exactly as named in the Declaration This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

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:

SPECIAL ATTENTION

This Contingent Final Public Report has been prepared by the Developer pursuant to §514A-39.5, HRS. The Real Estate Commission issued this report before the developer submitted certain documents and information as more fully set forth in the statutory notice below. Sales contract executed pursuant to this report **are binding on the buyer under those conditions specified immediately below** and in Part V. B. of this report found on pages 18 & 19 of this report. This report expires nine (9) months after the effective date of the report and may not be extended or renewed.

STATUTORY NOTICE

"The effective date for the Developer's Contingent Final Public Report was issued before the Developer submitted to the Real Estate Commission: the executed and recorded deed or master lease for the project site; the executed construction contract for the project; the building permit; satisfactory evidence of sufficient funds to cover the total project cost; or satisfactory evidence of a performance bond issued by a surety licensed in the State of not less than one hundred percent of the cost of construction, or such other substantially equivalent or similar instrument or security approved by the Commission. Until the Developer submits each of the foregoing items to the Commission, all Purchaser deposits will be held by the escrow agent in a federally-insured, interest-bearing account at a bank, savings and loan association, or trust company authorized to do business in the State. If the Developer does not submit each of the foregoing items to the Commission and the Commission does not issue an effective date for the Final Public Report before the expiration of the Contingent Final Public Report, then:

- (1) The Developer will notify the Purchaser thereof by certified mail; and
- (2) Either the Developer or the Purchaser shall thereafter have the right under Hawaii law to rescind the Purchaser's sales contract. In the event of a rescission, the Developer shall return all of the Purchaser's deposits together with all interest earned thereon, reimbursement of any required escrow fees, and, if the Developer required the Purchaser to secure a financing commitment, reimburse any fees the Purchaser incurred to secure that financing commitment." (§514A-64.5, HRS)

The developer is not required to submit but has for this registration submitted the following documents and information:

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General Information On Condominiums

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

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

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

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

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

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

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

Operation of the Condominium Project

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

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

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

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Schuler Homes, Inc. Phone: (808) 521-5661
Name* (Business)
828 Fort Street Mall, 4th Floor
Business Address
Honolulu, Hawaii 96813

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):

James K. Schuler, President-CEO; Michael T. Jones, Executive Vice President; Pamela S. Jones, Senior Vice President-Chief Financial Officer-Secretary-Treasurer; Harvey L. Goth, Senior Vice President; Douglas M. Tonokawa, Vice President; Peter M. Aiello, Vice President; Mary K. Flood, Vice President; Frank S. Payne, Vice President; Larry Tucker, Second Assistant Secretary

Real Estate Broker*: Schuler Realty/Oahu, Inc Phone: (808) 523-2359
Name (Business)
828 Fort Street Mall, 4th Floor
Business Address
Honolulu, Hawaii 96813

Escrow Title Guaranty Escrow Services, Inc. Phone: (808) 533-6261
Name (Business)
235 Queen Street, 1st Floor
Business Address
Honolulu, Hawaii 96813

General Contractor*: Vertical Construction Company Phone: (808) 521-5661
Name (Business)
828 Fort Street Mall, 4th Floor
Business Address
Honolulu, Hawaii 96813

Condominium Managing Agent*: Hawaiiana Management Company, Ltd. Phone: (808) 593-9100
Name (Business)
711 Kapiolani Boulevard, Suite 700
Business Address
Honolulu, Hawaii 96813

Attorney for Developer: Dennis M. Lombardi, Esq. Phone: (808) 547-5400
Name (Business)
737 Bishop Street, Suite 2600
Business Address
Honolulu, Hawaii 96813

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

**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. 2001-064518
Book _____ Page _____
 Filed - Land Court: Document No. _____

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

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

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 3255
 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. 2001-064519
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.

** Except for Sections J and L of the Declaration.

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. The community consists of Eighty-one (81) Residences and Townhomes and no commercial apartments contained in 25 buildings to be developed, in Developer's sole discretion, in as many separate increments as Developer shall determine. Developer contemplates, however, that development shall proceed in three (3) increments. Increment 1 consisting of 24 Homes (16 Townhomes and 8 Residences), Increment 2 consisting of 22 Homes (16 Townhomes and 6 Residences) and Increment 3 consisting of 35 Homes (32 Townhomes and 3 Residences). In the event that the phasing of increments departs from the foregoing, the Developer shall in advance of the construction of such increment file an amendment to the Declaration identifying the Homes in such increment.

B. Upon completion of the community, 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.

Until all of the Residences and Townhomes 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 a Residence or Townhome or substantially change the design, location or size of a Residence or Townhome.

- D. Until all of the Residences and Townhomes 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 Residence or Townhome which has not been sold or alter the mix of Residences and Townhomes within increments not yet developed; (ii) reflect minor changes in any Residence, Townhome or in the common elements which do not affect the physical location, design or size of any Residence and Townhome which has been sold and (iii) correct typographical or mathematical errors in the calculation of the common interest allocable to apartments within the community.
- E. Developer has reserved the right to reassign guest parking available in the community to an apartment that may be purchased by a person or persons with a disability, provided alternate guest parking is provided through the reassignment of parking stalls within the community.
- F. Developer has reserved the right to encumber the Park Area and to declare that the area be perpetually used and maintained by the Association as a private park serving the owners and occupants of the Community.

NOTE: All purchasers are encouraged to review the Declaration, Bylaws and other documents with respect to the Developer's reserved rights.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

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

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

Exhibit _____ contains further explanations regarding the manner in which there negotiated 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 Sub-leaseholds:

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

- Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

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

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

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

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

Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

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

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

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

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

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

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

B. Underlying Land:

Address: Mokuhano Street Tax Map Key: (Oahu) 3-9-82:62 and 63
Honolulu, Hawaii 96825 (TMK)

Address TMK is expected to change because Each individual Residence and Townhome will be assigned a street address. Residences and Townhomes will also be assigned apartment numbers

Land Area: 359,508 square feet acre(s) Zoning: 62-R5, 63-R5, and A62

Fee Owner: SCHULER HOMES, INC.
 Name
848 Fort Street Mall, 4th Floor
 Address
Honolulu, Hawaii 96813

Lessor: N/A
 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: 25 Floors Per Building: 2

Exhibit A contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other Wood and metal stud framing, glass and other building materials.

4. Uses Permitted by Zoning:

	<u>No. of Apts.</u>	<u>Use Permitted By Zoning</u>	
<input type="checkbox"/> Residential	<u>81</u>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<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"/> Hotel	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Ohana	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Industrial	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Agricultural	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Recreational	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Other	_____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

Yes No

5. Special Use Restrictions:

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

Pets: Reasonable number of 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.

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.

Other: Residences and Townhomes shall be used for residential purposes only; no "time-sharing" permitted.

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: _____ Stairways: _____ Trash Chutes: _____

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai (sf)	(Identify)
2 & 2R	7	3/2-1/2	1,731	107	_____
3 & 3R	10	3/2-1/2	1,810	138	_____
A	8	3/2	971	57	_____
B & Br	16	3/2	1,085	78	_____
C	8	2/2-1/2	1,233	_____	_____
Cr	8	2/2-1/2	1,218	_____	_____
C Plus	8	3/3	1,467	331	_____
D4	8	4/2-1/2	1,787	_____	_____
DM	8	4/3-1/2	1,781	_____	_____

Total Number of Apartments: 81

* 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 Residence includes all walls, columns and partitions (both load bearing and not load bearing) which are within the Residence's perimeter walls including without limitation the Residence's perimeter walls, the Residence's foundation, all floors, ceilings, doors, windows, sliding glass doors, screen doors, door frames and window frames, the air space within the Residence, the garage including its floor, foundation, ceiling, doors and perimeter walls, the lanais, if any, shown on the Condominium Map, all rollers, locks, handles, tracks, and appurtenant hardware associated with all windows, doors and exterior automobile garage doors and all sliding or swinging screen doors and all glass window screens and all fixtures originally installed in the Residence, and all pipes, plumbing (including water heaters), wires, conduits and other utility or service lines and facilities servicing only the Residence. The Residences shall also include all load-bearing columns, girders, beams, building components and other elements included within each Residence. The Residence shall not include any pipes, shafts, wires, conduits or other utility or service lines running through a Residence which are utilized for or serve more than one Residence, all of which are deemed common elements as provided in the Declaration.

Each Townhome includes all walls, columns and partitions which are not load-bearing within the Apartment's perimeter walls, (including the garage, if any, associated therewith, as shown on the Condominium Map), 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, the entry court or area, if any, shown on the Condominium Map to the inner decorated or furnished surfaces of the perimeter walls of such entry court or area and to the interior edge of other boundaries of such entry court or area, the exterior storage areas, if any, shown on the Condominium Map, 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 (notwithstanding the obligation of the apartment owner to maintain the same), 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.

Note regarding Net Living Areas: Throughout Kalamaku'u documentation, the area of individual Residences and Townhomes is generally expressed as "net living area" square footage. This measurement represents the architect's best estimate of the interior square footage of the Residence and Townhome as measured from the interior of the Residence's and Townhome's exterior or perimeter walls. This measurement is based upon the plans for the construction of the Residence and Townhome and different architects performing the same measurement may obtain a larger or smaller result after making allowances for exterior or perimeter wall thickness. Advertising material may express Residence and Townhome square footage using the standard construction method which measures the exterior (as opposed to the interior) of the perimeter walls.

Permitted Alterations to Apartments: Alterations or additions solely within a Residence or Townhome or within a limited common element appurtenant to and for the exclusive use thereof shall require the written approval of the Board of Directors and all Residence and Townhome owners directly affected thereby, 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 M of the Declaration.

Apartments Designated for Owner-Occupants Only:

Fifty percent (50%) of residential apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. Developer must provide this information either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement (see attachment 11a). Developer has elected to provide the information in a published announcement or advertisement. Developer also elected to provide the following information concerning residences designated for purchase by owner-occupants only to the extent provided in Section 514A-102. Those residences include Residence Nos. 3, 4, 5, and 7, and A201, A203, A205, B201, B203, B205, A104 and B104. Residence Nos. 1 and 2 will be used as model homes.

7. Parking Stalls:

Total Parking Stalls: _____

	<u>Regular</u>	<u>Compact</u>	<u>Tandem</u>	
	<u>Covered</u>	<u>Covered</u>	<u>Covered</u>	TOTAL
	<u>Open</u>	<u>Open</u>	<u>Open</u>	
Assigned (for each unit)	<u>2*</u> <u>56**</u>	_____	_____	<u>162</u>
Guest	_____ <u>12</u>	_____	_____	<u>12</u>
Unassigned	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____
Other: _____	_____ <u>3***</u>	_____	_____	<u>3</u>
Total Covered & Open:	<u>177</u>	<u>0</u>	<u>0</u>	<u>177</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.

* A two car attached garage is included within each Residence and each type D4 Townhome.

**All other Townhomes also have 2 assigned parking stalls, one covered in an enclosed garage attached to the Townhome and one exterior uncovered parking stall. The uncovered parking stall assigned to each Townhome is identified on the Condominium Map with the same number as the Townhome number.

***Two of the stalls designated as "Other" are ADA accessible. The third stall is a loading zone stall.

Commercial parking garage permitted in condominium project.

Exhibit _____ 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/Enclosure(s)

Other: _____

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 _____
(Date)

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):

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 B .

as follows:

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

There are no limited common elements in this project.

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

described in Exhibit C.

as follows:

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

described in Exhibit D-1 and D-2**.

as follows:

**Townhomes are subject to Assessment for the costs of Townhome Building maintenance, repair and Fire and Casualty Insurance for the Townhome Building and (under certain circumstances as set out at Section K.3 of the Declaration) in those percentages of the whole set out at Exhibit "D-2".

- 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 E describes the encumbrances against the title contained in the title report dated May 1, 2001 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

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

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

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

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

<u>Type of Lien</u>	<u>Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance</u>
None	None

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 F.

2. **Appliances:**

The Developer makes no warranty as to appliances or other consumer products installed in any Residence and Townhome 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 Residence and Townhome owner the benefit of such warranties.

G. **Status of Construction and Date of Completion or Estimated Date of Completion:**

Construction of Increment 1 shall commence July, 2001, and should be completed by approximately November 2001.

H. **Project Phases:**

The developer [] has [X] 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):

Alteration of the Community. The Developer has reserved the right in its sole and absolute discretion:

1. To make alterations in the Community (and to amend this Declaration and the Condominium Map accordingly) which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any Residence and Townhome (and the limited common elements appurtenant thereto) in the Community which is not sold and the conveyance thereof Recorded, including specifically the right to alter the mix of model home types (increase or decrease the number of model home types); and
2. To make other alterations in the Community (and to amend this Declaration and the Condominium Map accordingly) which make minor changes in any Residence and Townhome in the community or in the common elements which do not affect the physical location, design or size of any Residence and Townhome which has been sold and the conveyance thereof Recorded.

Multi-Increment Phase: The Developer has reserved the right to develop this community in increments as set forth in Section II, E. of this Public Report.

Note: The Developer advises that costs and expenses of maintenance and operation of a condominium community are very difficult to estimate initially and even if such maintenance charges have been accurately estimated, such charges will tend to increase in an inflationary economy and as the improvements age. Maintenance charges can vary depending on services desired by Residence and Townhome owners and may increase significantly depending on the level of services eventually selected by the Association's Board of Directors. The Buyer should examine the maintenance charges schedule to see what services are included in the schedule and address these issues with its Board upon its formation. Buyers should also be aware that the estimates provided are as of the date reflected in the Managing Agent's certification and do not reflect the actual charges that may be incurred upon the formation of the Association and the actual contracting for such services such as insurance and maintenance, etc.

C. Utility Charges for Apartments:

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

None Electricity (Common Elements only ___ Common Elements & Apartments)
 Gas (Common Elements only ___ Common Elements & Apartments)
 Water Sewer Television Cable
 Other _____

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:

[X] Notice to Owner Occupants

[X] Specimen Sales Contract

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

[X] Escrow Agreement dated April 27, 2001

Exhibit I contains a summary of the pertinent provisions of the escrow agreement.

[X] Other Exhibit J is a Residence and Townhome Selection Form, Notice of Chronological Reservation System and Receipt of Owner-Occupant Affidavit.

B. Buyer's Right to Cancel Sales Contract:

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

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

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

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

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

- 1) Either the Contingent Final Public Report OR the Supplementary Public Report which has superseded the Contingent 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.

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

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

- 1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; AND
- 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;

B) The buyer is given an opportunity to read the report(s); AND

C) One of the following has occurred:

- 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
- 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
- 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

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

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

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

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners, as amended.
- D) House Rules, if any.
- E) Condominium Map, as amended.
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
- H) Other _____

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

This Public Report is a part of Registration No. 4628 filed with the Real Estate Commission on May 3, 2002.

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

YELLOW paper stock WHITE paper stock PINK paper stock GREEN paper stock

C. **Additional Information Not Covered Above**

1. **Refuse Collection**. The Townhomes have 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. Residence Owners may have municipal refuse service at Kalamaku'u (Road A shown on the Condominium Map).

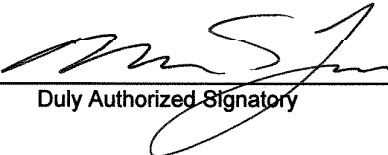
2. **Access Easement**. The 56-foot Access Easement shown on the Condominium Map must be maintained by the Association as common area until such time as (a) Maunalua Associates, Inc. requests a grant of easement for access purposes from the Association and (b) Maunalua Associates constructs a roadway on the Easement area. Upon the completion of these events, Maunalua Associates will be obligated to maintain the road and Easement area. The Easement area must be granted to Maunalua Associates at no cost to it. The Association must also cooperate in dedicating the Easement Area to the City and County of Honolulu without compensation if such dedication is required by the City and County.

3. **Affordable Apartments**. Pursuant to an agreement with the City and County of Honolulu, the Developer has proposed and expects that ten (10) of the apartments of the Community will be sold as part of a government-sponsored and administered program to provide "Affordable Income Purchasers" with the opportunity to purchase housing at prices below the market value of comparable housing. These apartments are sometimes described in this public report as "Affordable Apartment(s)". There will be two (2) Affordable Apartments in the first increment of the Community. They are A203 and B203. A complete description of the expected eligibility requirements for "Affordable Income Purchasers", and the required personal information, representations and agreements, is specifically contained in an "Owner-Occupant Affidavit" form and a "Housing Application". Copies of these forms, together with an instruction sheet, are attached to this public report as Exhibit "K".

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.

Printed Name of Developer

By: 
Duly Authorized Signatory

April 27, 2001
Date

MICHAEL T. JONES, EXECUTIVE VICE PRESIDENT

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City & County of Honolulu
Planning Department, City & County of Honolulu

EXHIBIT "A"

DESCRIPTION OF BUILDINGS

The Community shall contain a total of twenty-five (25) buildings, which consist of 17 single-family detached Residences and 8 buildings which contain 8 townhomes in each building. None of the Residences or Townhomes have a basement. The Residences and Townhomes shall be constructed principally of metal, wood, glass and related building materials.

Residences

There shall be two different Residence model plans in the Community, designated as Model Plans 2 and 3. Each of the models include, without limitation, all components, roof, exterior walls and the foundation. A description of each Residence model plan is as follows:

Residence Model Plan 2

Residence Plan 2, a two story Residence, contains an entry lanai, 3 bedrooms and 2 1/2 baths, plus a loft, family room, kitchen, breakfast nook, dining room, enclosed entry, attached 2 car garage and other improvements shown on the Condominium Map. Buyers may select a "Double Master Option" for Plan 2 Residences which converts the 3 bedrooms to 2 bedrooms. Buyers may also select a "Bedroom 4 Option", which converts the loft area into a fourth bedroom, and an "Expanded Master Bedroom Option", which enlarges the Master Bedroom by absorbing the loft area. Each Plan 2 model contains a net living area of approximately 1,731 square feet, garage area of approximately 446 square feet, and exterior entry lanai area of 106 square feet. There are three Plan 1 Residences and four Model Plan 1R Residences in the Community, for a total of seven.

Residence Model Plan 3

Residence Plan 3, a two story Residence, contains an entry lanai, 3 bedrooms and 2 1/2 baths, plus a den, family room, kitchen, living room, dining room, enclosed entry, attached 2 car garage and other improvements shown on the Condominium Map. There is a "Bedroom 4 Option" which converts the den to a fourth bedroom and expand the downstairs 1/2 bath -- powder room -- to a 3rd bath. Each Plan 3 contains a net living area of approximately 1,810 square feet, enclosed entry lanai of approximately 138 square feet, garage area of approximately 439 square feet. There are six Residence Model Plan 3s and four Residence Model Plan 3Rs in the Community for a total of 10.

Townhomes

There shall be eight (8) buildings each consisting of eight (8) units consisting of eight (8) different Townhome model plans in the Community, designated as Townhome Model Plans A, B, BR, C, CR, C Plus, D4, and DM. A description of each Townhome model plan is as follows:

Townhome Model Plan A

Townhome Model Plan A is a two-story unit which includes a stairway, enclosed 1 car garage with laundry area, combined living/dining room, 3 bedrooms, 2 baths, kitchen and other improvements shown on the Condominium Map. Each Townhome Model Plan A contains a net living area of approximately 971 square feet, lanai area of approximately 57 square feet, garage area of approximately 238 square feet. There are eight Plan A Townhome Models in the Community.

Townhome Model Plan B and BR

Townhome Model Plan B is a two-story unit which includes a stairway, enclosed 1 car garage with laundry area, combined living/dining room, 3 bedrooms, 2 baths, kitchen and other improvements shown on the Condominium Map. Each Townhome Model Plan B contains a net living area of approximately 1085 square feet, lanai area of approximately 78 square feet, garage area of approximately 237 square feet. Townhome Model Plan BR is a reverse of Townhome Model Plan B. There are eight Plan B Townhome Models and eight Plan BR Townhome Models in the Community for a total of 16.

Townhome Model Plan C and CR

Townhome Model Plan C is a two-story unit which includes a stairway, enclosed 1 car garage with laundry area, combined living/dining room, 2 bedrooms, 2-1/2 baths, kitchen and other improvements shown on the Condominium Map. Each Townhome Model Plan C contains a net living area of approximately 1233 square feet, garage area of approximately 199 square feet.

Townhome Model Plan CR is a reverse of Townhome Model Plan C and includes the same features. Each Model Plan CR Townhome contains a net living area of approximately 1218 square feet and garage area of approximately 199 square feet. There are eight Plan C Townhome Models and eight Plan CR Townhome Model Plans in the Community for a total of 16.

Townhome Model Plan C Plus

Townhome Model Plan C Plus is a two-story unit which includes a private courtyard, stairway, enclosed 1 car garage with laundry area, combined living/dining room, 3 bedrooms, 3 baths, kitchen and other improvements shown on the Condominium Map. Each Townhome Model Plan C Plus contains a net living area of approximately 1,467 square feet, private courtyard area of approximately 331 square feet, garage area of approximately 199 square feet. There are eight Plan C Plus Townhome Models in the Community.

Townhome Model Plan D4

Townhome Model Plan D4 is a two-story unit which includes a stairway, enclosed 2 car garage with laundry area, combined living/dining room, 4 bedrooms, 2 1/2 baths, kitchen and other improvements shown on the Condominium Map. Each Townhome Model Plan D4 contains a net living area of approximately 1,787 square feet, garage area of approximately 475 square feet. There are eight Plan D4 Townhome Models in the Community.

Townhome Model Plan DM

Townhome Model Plan DM is a two-story unit which includes a stairway, enclosed 1 car garage with laundry area, combined living/dining room, 4 bedrooms, 3 1/2 baths, kitchen and other improvements shown on the Condominium Map. Each Townhome Model Plan DM contains a net living area of approximately 1,782 square feet and garage area of approximately 199 square feet. There are eight Plan D Townhome Models in the Community.

END OF EXHIBIT "A"

EXHIBIT "B"

COMMON ELEMENTS

The common elements of the Community 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 drainage facilities or swales, pipes, shafts, wires, conduits or other utilities or service lines running through a Residence, Townhome or Private Yard Area which are utilized for or serve more than one Residence, Townhome or Private Yard Area or other feature of the Community.
3. All sidewalks, pathways, driveways, roads, curbs, parking areas, and the twelve (12) "guest" parking stalls.
4. All ducts, electrical equipment, transformers, wiring, pipes and other central and appurtenant transmission facilities and installations over, under and across the Community or individual Private Yard Areas which are utilized by or serve more than one Residence or Townhome for services such as power, light, water, gas, sewer, drainage, telephone and radio and television signal distribution, if any.
5. All areas, rooms, spaces, structures, housings, chutes, shafts or facilities of the Community within or outside of the buildings, which are for common use or which serve more than one Residence or Townhome, such as electrical, maintenance, service, security, machine, mechanical and equipment rooms and the equipment, machinery and facilities therein.
6. All the benefits, if any, inuring to the land or to the Community from all easements, if any, shown on the Condominium Map or listed in Exhibit "A" attached to the Declaration of Condominium Property Regime.
7. Any and all apparatus and installations of common use and all other parts of the Community necessary or convenient to its existence, maintenance and safety, or normally in common use.
8. All other parts of the Community which are not included in the definition of a Residence and Townhome.

END OF EXHIBIT "B"

EXHIBIT "C"

DESCRIPTION OF LIMITED COMMON ELEMENTS

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

1. **Private Yard Area:**

The land area appurtenant to each Residence and Townhome as described in the Declaration and as shown on the Condominium Map and bearing the same Private Yard Area number as the unit number assigned to the Residence, is a limited common element. Private Yard Areas appurtenant to the Residences are subject to Maintenance Easements in favor of the adjacent Residence as set forth below in paragraph 5. The rights and obligations of Owners with respect to Maintenance Easement Areas is set forth in Section I.13 of the Declaration.

2. **Exterior Light Fixtures:**

Exterior Lighting Fixtures, electrical service in respect of which is provided by an individual Residence or Townhome, whether located within or without a Private Yard Area, are limited common element(s) associated with the Residence or Townhome providing such electrical service.

3. **Party Walls/Fences.**

The fences and walls or portion thereof that have been constructed within a Private Yard Area or on the common Lot Area line boundary between Lots as shown on the Condominium Map, including those fences and walls defined as "Party Walls" in the Declaration, are limited common elements.

4. **Mailboxes.**

Each Townhome Building and each Residence is provided a designated mailbox in the location shown on the Condominium Map.

5. **Maintenance Easements.** Notwithstanding the designation of Private Yard Areas as Limited Common Elements appurtenant to the Residence bearing the same number designation, those Private Yard are burdened by Maintenance Easements identified in cross-hatch on the Condominium Map. The following list identifies the Private Yard Areas burdened by Maintenance Easements (the "Burdened Private Yard Areas") and also identifies each Residence benefitted by the Burdened Private Yard Area (the "Benefitted Residence"). Each Maintenance Easement is 5 feet in width. The rights and obligations of Owners with respect to Maintenance Easement Areas is set forth in Section I.13 of the Declaration.

Burdened Private Yard Area

Benefitted Residence

1	2
4	3
5	4
6	7
7	8
10	9
11	10
12	13
13	14
16	15
17	16

END OF EXHIBIT "C"

EXHIBIT "D-1"

COMMON INTERESTS FOR ENTIRE COMMUNITY
Increments 1, 2 and 3
(assuming all Increments are constructed)

Unit Plan	Residence/Townhome (Unit) Number	Undivided Common Interest of Each Unit
Model 2/2R (7)	Res. 1, 4, 6, 8, 10, 14 and 17	1.5098%
Model 3/3R (10)	Res. 2, 3, 5, 7, 9, 11, 12, 13, 15 and 16	1.6005%
A (8)	A203, B203, C203, D203, E203, F203, G203, H203	0.8440%
B (8)	A205, B205, C205, D205, E205, F205, G205, H205	0.9556%
BR(8)	A201, B201, C201, D201, E201, F201, G201, H201	0.9556%
C (8)	A104, B104, C104, D104, E104, F104, G104, H104	1.0131%
CR(8)	A103, B103, C103, D103, E103, F103, G103, H103	1.0007%
C PLUS (8)	A102, B102, C102, D102, E102, F102, G102, H102	1.4777%
D4 (8)	A105, B105, C105, D105, E105, F105, G105, H105	1.4679%
DM (8)	A101, B101, C101, D101, E101, F101, G101, H101	1.4637%

**COMMON INTEREST ALLOCATIONS APPLICATION TO
INITIAL AND SUBSEQUENT INCREMENTS**

Increment 1

Unit Plan	Residence/Townhome (Unit) Number	Undivided Common Interest of Each Unit
Model 2/2R (4)	Res. 1, 4, 6 and 8	4.9025%
Model 3/3R (4)	Res. 2, 3, 5 and 7	5.1967%
A (2)	A203 and B203	2.7405%
B (2)	A205 and B205	3.1030%
BR(2)	A201 and B201	3.1030%
C (2)	A104 and B104	3.2897%
CR(2)	A103 and B103	3.2494%
C PLUS (2)	A102 and B102	4.7969%
D4 (2)	A105 and B105	4.7664%
DM (2)	A101 and B101	4.7527%

Increments 1 and 2

Unit Plan	Residence/Townhome (Unit) Number	Undivided Common Interest of Each Unit
Model 2/2R (6)	Res. 1, 4, 6, 8, 10, 14	2.5776%
Model 3/3R (8)	Res. 2, 3, 5, 7, 9, 11, 12	2.7323%
A (4)	A203, B203, C203, D203	1.4409%
B (4)	A205, B205, C205, D205	1.6314%
BR(4)	A201, B201, C201, D201	1.6314%
C (4)	A104, B104, C104, D104	1.7296%
CR(4)	A103, B103, C103, D103	1.7084%
C PLUS (4)	A102, B102, C102, D102	2.5225%
D4 (4)	A105, B105, C105, D105	2.5060%
DM (4)	A101, B101, C101, D101	2.4988%

END OF EXHIBIT "D-1"

EXHIBIT "D-2"

COMMON INTERESTS FOR PARTICULAR ASSESSMENT OBLIGATIONS

To the extent provided in the Declaration at Section J, common expenses, including reserves, applicable to the maintenance, repair, replacement, addition and improvements to Townhome Buildings in the Community and attributable to fire and casualty insurance in respect of the Townhome Buildings (provided the Board makes that election provided at Section K.3. of the Declaration) are to be assessed to the Townhome Owners as Special Townhome Owner Assessments. Common expenses benefitting the entire Community are to be assessed to both the Townhome and Residence Owners in the proportions described in Exhibit "C-1". Special Townhome Owner assessments should be allocated among the Townhome Owners in the following proportions:

Model Plan	Townhome (Unit) Number	Undivided Common Interest of Each Unit
A (8)	A203, B203, C203, D203, E203, F203, G203, H203	1.1495%
B (8)	A205, B205, C205, D205, E205, F205, G205, H205	1.3015%
BR(8)	A201, B201, C201, D201, E201, F201, G201, H201	1.3015%
C (8)	A104, B104, C104, D104, E104, F104, G104, H104	1.3798%
CR(8)	A103, B103, C103, D103, E103, F103, G103, H103	1.3629%
C PLUS (8)	A102, B102, C102, D102, E102, F102, G102, H102	2.0121%
D4 (8)	A105, B105, C105, D105, E105, F105, G105, H105	1.9992%
DM (8)	A101, B101, C101, D101, E101, F101, G101, H101	1.9935%

END OF EXHIBIT "D-2"

EXHIBIT "E"

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, including the failure to comply with any covenants, conditions and reservations, contained in Unilateral Agreement and Declaration for Conditional Zoning dated November 19, 1998, recorded as Document No. 98-174645, made by Maunalua Associates, Inc., a Hawaii corporation.
4. The following matters as shown on survey map prepared by Alden S. Kajioka, Land Surveyor, with ControlPoint Surveying, Inc., dated May 25, 1999:
 - (A) Concrete wall for drainage ditch protrudes into Lot 5-A by approximately 4 inches.
 - (B) Landscaping and irrigation improvements protrude into Lot 5-B.
5. Covenants, conditions and reservations contained in Warranty Deed with Reservation of Roadway Easement and Right to Grant Easements, and Covenant Regarding Maintenance of Roadway dated June 1, 1999, recorded as Document No. 99-086919, as amended by instrument dated September 15, 2000, recorded as Document No. 2000-134212, but excluding any covenant, condition or provision contained in the following instruments:
 - (A) That certain unrecorded Agreement dated November 17, 1992, by and between the Trustees of the Estate of Bernice Pauahi Bishop and Hawaii Kai Development Company, a Nevada corporation, other than the following:
 - (1) Covenant that the Grantee will give all of the projects and subdivisions upon the land Hawaiian place names and that the Trustees of the Estate of Bernice Pauahi Bishop ("Bishop Estate") shall be a beneficiary of this covenant.
 - (2) Covenant that prior to any development of the land or any portion thereof, Grantee will cause to be performed at its sole cost and expense such archaeological studies of the land as may be required from time to time by any applicable laws, rules, regulations or ordinances of the State of Hawaii and/or City and County of Honolulu. Grantee shall promptly notify Bishop Estate and Grantor of any object of historical interest and all antiquities, including all specimens of Hawaiian or other ancient art or handicraft, which may be found on the property and which are not required to be turned over to the State of Hawaii and/or the City and County of Honolulu. Grantee will, forthwith after finding or discovery of same, will make all such objects and antiquities available to Bishop Estate for Bishop Estate's inspection. In the event Bishop Estate, in its sole discretion, elects to cause any such objects or antiquities to be removed, Bishop Estate may do so provided that the cost of such removal shall be borne solely by Bishop Estate.
 - (B) That certain unrecorded Agreement to Sell Real Property dated March 1, 1999, between Maunalua Associates, Inc. and Horning Interests, Inc.
6. Designation of Easement "C-1" (4,892 square feet) for slope purposes, as shown on survey map prepared by Wilfred Y.K. Chin, Land Surveyor, with ControlPoint Surveying, Inc., dated July 3, 2000, and being more particularly described as follows:

EASEMENT C-1
(for Slope Purposes)

Being a portion of Lot 5, a consolidation of Lots 5-A and 5-B of the Kalama Valley Remnant, being also a portion of R. P. 4475, L. C. Aw. 7713, Apana 30 to V. Kamamalu, situate at Maunalua, Honolulu, Oahu, Hawaii, described as follows:

Beginning at the Northwest corner of this easement, on the East side of Kealahou Street, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KOKO HEAD 3" being 12,012.76 feet North and 10,488.87 feet East, and running by azimuths measured clockwise from true South:

1. 268° 50' 4.00 feet along the remainder of Lot 5;
2. Thence along same, on a curve to the left with a radius of 26.00 feet, the chord azimuth and distance being: 313° 50' 36.77 feet;
3. 268° 50' 745.00 feet along same;
4. Thence along same, on a curve to the left with a radius of 368.00 feet, the chord azimuth and distance being: 266° 20' 32.10 feet;
5. 263° 50' 19.09 feet along same;
6. 178° 50' 16.94 feet along same;
7. 268° 50' 80.00 feet along same;
8. 325° 20' 20.00 feet along Lot 6 of Kealahou Street, Hawaii Kai Drive Extension and Queen's Beach Golf Course (File Plan 1341);
9. 89° 07' 20.16 feet along the remainder of Lot 5;
10. Thence along same, on a curve to the left with a radius of 428.00 feet, the chord azimuth and distance being: 86° 28' 30" 39.45 feet;
11. 83° 50' 50.31 feet along same;
12. Thence along same, on a curve to the right with a radius of 372.00 feet, the chord azimuth and distance being: 266° 20' 32.45 feet;
13. 88° 50' 745.00 feet along same;
14. Thence along same, on a curve to the right with a radius of 30.00 feet, the chord azimuth and distance being: 133° 50' 42.43 feet to the point of beginning and containing an area of 4,892 square feet.

7. Designation of Easement "R-1" (53,518 square feet) for roadway purposes, as shown on survey map prepared by Wilfred Y.K. Chin, Land Surveyor, with ControlPoint Surveying, Inc., dated July 3, 2000, and being more particularly described as follows:

EASEMENT R-1
(for Roadway Purposes)

Being a portion of Lot 5, a consolidation of Lots 5-A and 5-B of the Kalama Valley Remnant, being also a portion of R. P. 4475, L. C. Aw. 7713, Apana 30 to V. Kamamalu, situate at Maunaloa, Honolulu, Oahu, Hawaii, described as follows:

Beginning at the Southwest corner of this easement, on the East side of Kealahou Street, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KOKO HEAD 3" being 11,926.78 feet North and 10,490.62 feet East, and running by azimuths measured clockwise from true South:

1. 178° 50' 86.00 feet along the East side of Kealahou Street;
2. Thence along the remainder of Lot 5, on a curve to the left with a radius of 30.00 feet, the chord azimuth and distance being: 313° 50' 42.43 feet;

3. 268° 50' 745.00 feet along same;
 4. Thence along same, on a curve to the left with a radius of 372.00 feet, the chord azimuth and distance being: 266° 20' 32.45 feet;
 5. 263° 50' 50.31 feet along same;
 6. Thence along same, on a curve to the right with a radius of 428.00 feet, the chord azimuth and distance being: 266° 28' 30" 39.45 feet;
 7. 269° 07' 20.16 feet along same;
 8. 325° 20' 49.58 feet along Lot 6 of Kealahou Street, Hawaii Kai Drive Extension and Queen's Beach Golf Course (File Plan 1341);
 9. Thence along same, on a curve to the left with a radius of 178.50 feet, the chord azimuth and distance being: 320° 51' 10" 27.89 feet;
 10. 88° 50' 961.65 feet along same to the point of beginning and containing an area of 53,518 square feet.
8. Designation of Easement "W-1" (398 square feet) for water meter purposes, as shown on survey map prepared by Wilfred Y.K. Chin, Land Surveyor, with ControlPoint Surveying, Inc., dated July 3, 2000, and being more particularly described as follows:

EASEMENT "W-1"
(for Water Meter Purposes)

Being a portion of Lot 5, a consolidation of Lots 5-A and 5-B of the Kalama Valley Remnant, being also a portion of R. P. 4475, L. C. Aw. 7713, Apana 30 to V. Kamamalu, situate at Maunalua, Honolulu, Oahu, Hawaii, described as follows:

Beginning at the Northwest corner of this easement, on the South side of Mokuhano Street, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KOKO HEAD 3" being 12,706.34 feet North and 10,927.84 feet East, and running by azimuths measured clockwise from true South:

1. 268° 50' 30.00 feet along the South side of Mokuhano Street;
2. 358° 50' 15.00 feet along the remainder of Lot 5;
3. 88° 50' 19.50 feet along same;
4. 178° 50' 5.00 feet along same;
5. 88° 50' 10.50 feet along same;
6. 178° 50' 10.00 feet along same to the point of beginning and containing an area of 398 square feet.

9. The terms and provisions, including the failure to comply with any covenants, conditions and reservations, contained in Agreement dated November 2, 2000, recorded as Document No. 2000-161634, between City and County of Honolulu, "City", and Kalama Valley Investment LLC, a Delaware limited liability company, "Developer".
10. Grant dated January 29, 2001, recorded as Document No. 2001-026406, in favor of Hawaiian Electric Company, Inc. and Verizon Hawaii, Inc., granting a perpetual right and easement for utility purposes.

END OF EXHIBIT "E"

EXHIBIT "F"
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. 3/7/14)

Lender's Name, Address & Phone No:	FHAVA 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) & Dates:
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, 380.)
Previous editions are obsolete. VA form 26-1859 form HUD-92544 (8/92 ref. Handbook 4145)

EXHIBIT "G"
ESTIMATE OF INITIAL MAINTENANCE FEES
AND

Kalamaku'u Phase 1
 (24 Units)

ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:		Basic Monthly	Special	Monthly	Yearly Total
		Fee	Townhome	Total	
			Fees		
Apartment					
Townhomes					
	Townhome 1-A	\$182.93	\$11.04	\$193.97	\$2,327.62
	Townhome 2-A	\$182.93	\$11.04	\$193.97	\$2,327.62
	Townhome 3-B	\$207.13	\$12.49	\$219.62	\$2,635.38
	Townhome 4-B	\$207.13	\$12.49	\$219.62	\$2,635.38
	Townhome 5-BR	\$207.13	\$12.49	\$219.62	\$2,635.38
	Townhome 6-BR	\$207.13	\$12.49	\$219.62	\$2,635.38
	Townhome 7-C	\$219.59	\$13.25	\$232.84	\$2,794.05
	Townhome 8-C	\$219.59	\$13.25	\$232.84	\$2,794.05
	Townhome 9-CR	\$216.90	\$13.08	\$229.98	\$2,759.73
	Townhome 10-CR	\$216.90	\$13.08	\$229.98	\$2,759.73
	Townhome 11-C PLUS	\$320.19	\$19.32	\$339.51	\$4,074.16
	Townhome 12-C PLUS	\$320.19	\$19.32	\$339.51	\$4,074.16
	Townhome 13-D4	\$318.16	\$19.19	\$337.35	\$4,048.17
	Townhome 14-D4	\$318.16	\$19.19	\$337.35	\$4,048.17
	Townhome 15-DM	\$317.24	\$19.14	\$336.38	\$4,036.59
	Townhome 16-DM	\$317.24	\$19.14	\$336.38	\$4,036.59
Residences					
	Residence 17-MODEL 2	\$327.24	N/A	N/A	\$3,926.90
	Residence 18-MODEL 2	\$327.24	N/A	N/A	\$3,926.90
	Residence 19-MODEL 2	\$327.24	N/A	N/A	\$3,926.90
	Residence 20-MODEL 2	\$327.24	N/A	N/A	\$3,926.90
	Residence 21-MODEL 3	\$346.88	N/A	N/A	\$4,162.56
	Residence 22-MODEL 3	\$346.88	N/A	N/A	\$4,162.56
	Residence 23-MODEL 3	\$346.88	N/A	N/A	\$4,162.56
	Residence 24-MODEL 3	\$346.88	N/A	N/A	\$4,162.56
TOTALS		\$6,675.00	\$240.00	\$4,218.51	\$82,980.00

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

In addition to the above fees, each owner will be responsible for paying as a component of common expenses for the project, reserve amounts for townhomes described in the Declaration. The Declaration of Condominium Property Regime of Kalamaku'u and the Bylaws of the Association of Apartment Owners of Kalamaku'u set forth additional provisions regarding insurance to be maintained by owners.

Maintenance Fees and Reserves. Townhome and Residence Owners are responsible to the extent of their Common Interest to share in the cost for the maintenance, repair and replacement, including the payment of replacement reserves, for all items in the Community that commonly benefit Townhome and Residence Owners. Residence Owners are not responsible to share in the cost of maintenance, repair and replacement of Townhome buildings and Townhome Owners are not responsible to share in the cost of maintenance, repair and replacement of Residence buildings. Additionally, if the Association requires the Residence Owners to maintain separate insurance, Residence Owners do not have to share in the cost to insure Townhome buildings. For further details see section J of the Declaration.

I, Emory Bush, as agent for/and/or employed by Hawaiiana Management Company, the condominium managing agent/developer for the Kalamaku'u project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.


5-15-01
 Signature Date

Pursuant to 514A-83.6, Hawaii Revised Statutes, a new association created after January 1, 1993 need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting. The Developer has not conducted a reserve study for the Project. The budget amount for Reserves is an estimate only.

**Estimate of Maintenance Fee Disbursements
Kalama Ku'u
Phase 1
(24 units)**

	Monthly Fee	Yearly Total
Utilities and Services		
Electricity		
<input checked="" type="checkbox"/> common elements only	\$120.00	\$1,440.00
Refuse Collection	\$500.00	\$6,000.00
Telephone	\$60.00	\$720.00
Water and Sewer	\$1,560.00	\$18,720.00
Gas	\$25.00	\$300.00
Maintenance, Repairs and Supplies		
Supplies/Building, Office, Landscape Related	\$1,125.00	\$13,500.00
Grounds	\$1,250.00	\$15,000.00
Management		
Management Fee	\$573.00	\$6,876.00
Insurance		
Property, Umbrella, D & O	\$700.00	\$8,400.00
Bond	\$20.00	\$240.00
Audit Fees		
	\$92.00	\$1,104.00
Others		
Fire System & Equip., Design Review Svcs., Legal, Taxes	\$650.00	\$7,800.00
TOTAL	\$6,675.00	\$80,100.00

I, Emory Bush, as agent for/and/or employed by Hawaiiana Management Company, the condominium managing agent/developer for the Kalama Ku'u Phase 1 project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Signature

Date

Pursuant to 514A-83.6, Hawaii Revised Statutes, a new association created after January 1, 1993 need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting. The Developer has not conducted a reserve study for the Project. The budget amount for Reserves is an estimate only.

EXHIBIT "H"

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 a condominium home or townhome in the community. 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 a condominium home or townhome.
- (b) That the purchaser acknowledges having received and read a public report (either preliminary or final) for the community prior to signing the Sales Contract.
- (c) That the Developer makes no representations concerning rental of a condominium home or townhome, income or profit from a condominium home or townhome, or any other economic benefit to be derived from the purchase of a condominium home or townhome.
- (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 a condominium home or townhome.
- (g) That the condominium home or townhome and the community 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 condominium home or townhome, the community or anything installed or contained in the condominium home, townhome or the community.
- (i) That the community 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.
- (m) If the purchaser defaults, Developer may retain purchaser's deposits and bring on action against purchaser.

The Sales Contract contains various other important provisions relating to the purchase of a condominium home or townhome in the community. Purchasers and prospective purchasers should carefully read the specimen Sales Contract on file with the Real Estate Commission.

END OF EXHIBIT "H"

EXHIBIT "I"

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.

END OF EXHIBIT "I"

EXHIBIT "J"

**KALAMAKU'U
RESIDENCE SELECTION FORM AND
NOTICE OF CHRONOLOGICAL RESERVATION SYSTEM
AND RECEIPT OF OWNER-OCCUPANT AFFIDAVIT FORM
Residence Selection Form**

Residence No. Selected _____ Model Type _____
Square Footage _____ Projected Price _____
Reservation List Number: _____

PRINT Full name of Buyers:

FIRST MIDDLE LAST

FIRST MIDDLE LAST

FIRST MIDDLE LAST

FIRST MIDDLE LAST

Address: _____
Street Address

City State Zip

Phone (Res.) _____ (Bus.) Husband _____
(Bus.) Wife _____

Buyer's Signature: _____ Date: _____

Buyer's Signature: _____ Date: _____

Buyer's Signature: _____ Date: _____

Buyer's Signature: _____ Date: _____

This Residence Selection Form does not constitute a sales contract or a reservation. If Buyer elects not to sign the Deposit Receipt, Reservation and Sales Agreement presented by Seller for the purchase of a residence within three (3) days of Seller's request, then Buyer's deposit is refundable and Buyer shall have no further right to execute a Sales Contract for the residence selected.

RECEIPT OF EARNEST MONEY DEPOSIT ACKNOWLEDGED:

Date: _____ Time: _____ A.M./P.M. Check Amount _____

By: _____
(Agent for Developer/Real Estate Broker)

Identification of Deposit:

[] Cash
[] Check

Check No. _____

EXHIBIT "K"

INSERT AFFORDABLE HOUSING INFORMATION

[Form Attached]

**KALAMAKU'U
Notice and Receipt**

This is a Notice given by SCHULER HOMES, INC., (the "Developer") in regard to a proposed fee simple detached single family residence community to be known as "KALAMAKU'U" (the "Community"), which the Developer has made preliminary plans to develop at Maunaloa, Honolulu, City and County of Honolulu, Hawaii, TMK No. (Oahu) 3-9-82:62 and 63. The purpose of this Notice is to inform prospective purchasers of fee simple detached single family residences in the Community 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 residences, if the Developer elected to proceed with present plans to construct and market the Community.

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 Fee Simple Detached Single Family Residence" (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 Community, or a copy thereof, which was first published in the Honolulu Advertiser/Star Bulletin on _____.
3. Prior to the date on which the Pre-Sale Notice was first published, the undersigned did not receive any information regarding the Community 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 residences in the Community which have been designated as "fee simple detached single family residences" for sale to prospective owner-occupants: ("designated residences") 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 \$5,000. After the issuance by the Real Estate Commission of an effective date for the first Public Report on the Community, 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 residence 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 residence, 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 residence, 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 Community, 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 residence in the Community 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

**KALAMAKU'U
AFFIDAVIT OF INTENT TO PURCHASE AND RESIDE IN AN OWNER-OCCUPANT
DESIGNATED FEE SIMPLE DETACHED SINGLE FAMILY RESIDENCE**

We, the undersigned "owner-occupants", on this _____ day of _____, 20____, do hereby declare that it is our intention to purchase and reside in a designated fee simple detached single family residence designated for an "owner-occupant" in KALAMAKU'U detached single family residence ("Community") 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 detached single family residence ("designated residence") pursuant to section 514A-103 of the Owner-Occupant Law, and upon closing escrow, to reside in the designated residence 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 residence 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 residence 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 residence, 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 residence, 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 residence to us), we shall notify the Real Estate Commission immediately upon any decision to cease being an owner-occupant of the designated residence.

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 residence.

7. We have personally executed this Affidavit and we are all of the prospective owner-occupants for the designated residence. 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 Community's Final Public Report and no later than the closing of escrow for the residence. 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 residence until at least 365 consecutive days have elapsed since the recordation of the instrument conveying title to the designated residence 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

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

<u>Group</u>	<u>Income Category</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
2	185%	73,850	83,080	92,320	99,700

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 services; 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.

WHAT HAPPENS NEXT?

- 1) Schuler Homes, Inc. will make an initial review of all applicants along with the County to determine whether the household meets the County eligibility requirements.
- 2) All applications will be reviewed by a Lender to determine their ability to purchase.
- 3) You will be notified by a Schuler Homes sales representative if you qualify by the city and county and the lender.

If you have any questions, please call Schuler Homes, Inc. at 676-8184 Monday through Sunday, 10:00am to 5:00pm.

HOUSING APPLICATION

MUST BE FILLED IN COMPLETELY.

Applicant: _____ Co-Applicant/Spouse: _____
Address: _____ Phone _____
Residence: _____ Business: _____
Number of Family Members to Occupy Home: _____
Total Family Income as Indicated on Tax Return(s): \$ _____
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 this application will not be accepted unless all the information is complete and the signed copies of tax returns for all household members over the age of eighteen (18) and all other required documentation are attached.
3. Applicant understands that this application 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.

YES NO

- ___ ___ 4. Applicants have been married within the past year or tax returns shows different names. Three copies of the marriage certificate must be submitted.
- ___ ___ 5. Applicant or co-applicant has been divorced at any time. Three copies of the divorce decree (not divorce certificate) must be submitted.

HOUSING APPLICATION

YES NO

— — 6. 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 one year is required. Proof can be anything that is dated at least one year ago, such as a 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 ONE YEAR PERIOD ARE NOT ACCEPTABLE.**

— — 7. 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 and correct to the best of my knowledge.

Applicant _____ Co-Applicant/Spouse _____

Date _____

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:

_____ \$ _____
 _____ \$ _____

Total Monthly \$ _____ x 12 = Total Annual \$ _____

Family Size _____

HOUSING APPLICATION

LIST BANK ACCOUNTS:

INSTITUTION	BRANCH	TYPE	BALANCE
			\$
			\$
			\$
			\$
			\$

LIST STOCKS/BONDS:

NAME	STOCKS/ BONDS	# OF SHARES	DIV/INT PER YR.	TOTAL AMOUNT
			\$	\$
			\$	\$
			\$	\$
			\$	\$

LIST ALL REAL ESTATE HOLDINGS:

ADDRESS	MARKET VALUE	WHEN ACQUIRED	MORTGAGE BALANCE	MONTHLY PAYMENT
			\$	\$
			\$	\$
			\$	\$

Signature _____

Date _____

Signature _____

Date _____

OWNER OCCUPANT AFFIDAVIT

We, the undersigned "owner-occupants" on this _____ day of _____, 20____, declare that we will be "owner-occupants" in the simple multi-family community (the "Community").

We understand and agree that:

1. The following are current income limits by family size for the Community for potential buyers that their gross household income does not exceed 185% 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:

Group	Income Category	1	2	3	4	5
185%			73,850	83,000	92,320	98,700

2. By signing this document, we represent that we do not exceed these income requirements within the meaning of these terms, as defined in paragraph 1 above.
3. By signing this document, we represent that we intend to buy a residential unit in the Project and to become an owner-occupant of the unit.
4. By signing this document, we understand and agree that the residential unit which we purchase in the Project must be occupied by us and is not to be rented. The individuals listed below will occupy the unit:

	Name	Age
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____

5. By signing this document, we represent that we are domiciled in the State of Hawaii, and shall physically reside in the dwelling unit purchased.
6. By signing this document, we represent that we understand that we must qualify for the loan to finance the purchase.
7. By signing this document, we authorize the City and County of Honolulu, its designated employees of the Department of Housing and Community Development, to periodically verify the compliance with each of the provisions herein.
8. By signing this document, we authorize the Developer or its representatives to release to the City & County of Honolulu and to any lender of developer's choice all documents, including this affidavit, tax returns and other fiduciary statements, to determine our eligibility status.

OWNER-OCCUPANT(S)

ADDRESS _____

PURCHASER SIGNATURE _____

CITY, STATE ZIP CODE _____

PURCHASER SIGNATURE _____

PHONE NO. (RESIDENCE) _____

PURCHASER SIGNATURE _____

PHONE NO. (BUSINESS) _____

PURCHASER SIGNATURE _____

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

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

Notary Public, First Judicial Circuit
State of Hawaii

My Commission Expires:

INSTRUCTION SHEET

Thank you for your interest in We are pleased to again be chosen as the developer to provide affordable housing in the Waialeale master planned community. Outlined below you will find instructions necessary to complete the enclosed forms and answer some questions concerning the application process.

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 OR APPLICATIONS WITH MISSING DOCUMENTATION WILL NOT BE ACCEPTED.** Buyer information forms along with 3 copies SIGNED FEDERAL tax returns for all household members over the age of eighteen (18) must be delivered in person to the sales office located at 94-730 Lumiaua Street, #1141, from 10 to 5 Monday thru Sunday.

- 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. **YOU MUST SIGN YOUR FULL NAME (NO INITIALS).** **SUBMIT ORIGINAL PLUS ONE COPY.**

- 3) Housing Application Form - Four (4) pages
These pages must be completely filled out. Please be sure that all Social Security numbers are listed for all applicants and occupants. 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 1995 or latest year of your **FEDERAL** Tax Return (DO NOT SUBMIT STATE RETURNS) with all schedules and W-2 forms, for all household members over eighteen (18) years of age, and attach them to your DHCD application. These will be used to determine household eligibility. Please do not submit your original returns, as they will not be returned. **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 under the city affordable and lender guidelines.

You will be notified 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.

Once this paperwork is processed, a sales agent from Schuler Homes will notify you if you have met these requirements. At that point in time, a sales contract will be completed along with a complete loan application. Schuler Homes will then keep you informed on the completion of your new home and your loan status.

THANK YOU FOR CHOOSING A SCHULER HOME

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

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

Name of Applicant(s): _____

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

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

- a. currently constitute a family unit, currently living together, and have been living together for at least the one-year period preceding the date of this affidavit.
- b. will reside in the dwelling unit purchased from SCHULER HOMES, INC.
- c. is/are bona fide resident(s) of the State of Hawaii
- d. agree(s) to inform the Department Housing and Community Development (DHCD) of any changes after this date that affect DHCD's eligibility and preference requirements.
- e. authorize(s) DHCD to make all inquiries that DHCD deems necessary to verify the accuracy of the statements made herein and to determine the undersigned eligibility.
- f. make(s) the declarations in this affidavit that it is a crime punishable by a fine of Five Hundred Dollars (\$500.00) or imprisonment for 30 days or both to knowingly make a false statement concerning the above facts as applicable under the provisions of the Hawaii Penal Code, Part C, Sec. 710-1063, and DHCD may initiate all legal remedies for enforcement of the provisions including immediate termination, repurchase, foreclosure and eviction.

Signature of Applicant(s):

Subscribed and sworn to before me this _____ day of _____

 Notary Public, First Judicial Circuit
 State of Hawaii

My Commission Expires: