

**DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM**

CONDOMINIUM PROJECT NAME	GREEN HOMES AT LUALUALEI (Increment 2-Report covers 6 of 25 Units)
Project Address	87-1720 Farrington Highway Waianae, Hawaii 96792
Registration Number	7458
Effective Date of Report	December 17, 2013
Developer(s)	Green Homes at Lualualei, LLC

Preparation of this Report

The Developer prepared this report to disclose relevant information, including "material facts", that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. The law defines "material facts" to mean "any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale."

This report has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts or all pertinent changes, or both, about the project have been fully or adequately disclosed; and (3) is not the Commission's judgment of the value or merits of the project.

This report may be used by the Developer for promotional purposes only if it is used in its entirety. No person shall advertise or represent that the Commission has approved or recommended the project, this report or any of the documents submitted with Developer's application for registration of this project.

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the Commission an amendment to this report or an amended Developer's Public Report, clearly reflecting the changes, including any omitted material facts, together with such supporting information as may be required by the Commission. In addition, the Developer may choose at any time to change or update the information in this report. Annually, at least thirty days prior to the anniversary date of the Effective Date of this report, the Developer shall file an annual report to update the material contained in this report. If there are no changes, the Developer is required to state that there are no changes. The Developer's obligation to amend this report or to file annual reports ends when the initial sales of all units in the project have been completed.

Purchasers are encouraged to read this report carefully and to seek professional advice before signing a sales contract for the purchase of a unit in the project.

Signing a sales contract may legally bind a purchaser to purchase a unit in the project, though a purchaser may have rights to cancel or rescind a sales contract under particular circumstances that may arise.

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

Revised 01/27/2009

SPECIAL ATTENTION

[Use this page for special or significant matters which should be brought to the purchaser's attention and that are not covered elsewhere in this report.]

PHASED DEVELOPMENT:

A. The Project will be developed in Phases and/or Increments. This Public Report covers Units 13, 15, 20, 21, 22 and 24 which are part of Phase 2. Units 13 and 15 have been completed with a dwelling. The Declaration of Condominium Property Regime and the Condominium Map were amended to reflect this. Phase 1 which was covered under Reg. No. 7125 consists of Units 17 and 19.

B. The remaining 17 units consist of a "spatial" unit and consist of the entire land area within its boundaries as shown on the Condominium Map. This is not a subdivision. The Developer will determine which type of dwelling will be constructed for each spatial unit. This will be based in part on a prospective purchaser. The most current dwelling types are set forth in Exhibit "A" attached hereto. This may change. Each unit will be serviced by electricity (with a photovoltaic system and a power purchase agreement) water and sewer. It is intended that utilities will be separately metered or submetered. Each unit owner will be responsible for the maintenance, repair and upkeep of his own dwelling, landscaping, private yard area, and driveway.

C. The Developer will obtain an additional Public Report for each subsequent Phase. This is being done only for marketing, sales and financing purposes. All 25 units are still a part of the same Project.

SPECIAL NOTICE:

1. This Public Report does not constitute an approval of the project by the Real Estate Commission.
2. This Project is being developed under the guidelines of Chapter 201H, Hawaii Revised Statutes and accordingly, prospective purchasers must meet certain income limits and other qualifications. All units will be sold to families with household incomes at 140% or below the Department of Housing and Urban Development ("HUD") HUD Area Median Income. There is also a restriction on the selling of the unit and a sharing of the appreciation with the State (Hawaii Housing Finance and Development Corporation or HHFDC). See Exhibits "G" and "H" attached hereto. Purchaser must successfully complete a home ownership counseling program approved by HHFDC, and provided by Developer, prior to closing the purchase of the unit.
3. The Developer has the option to repurchase the unit from a purchaser in the event a dispute arises which cannot be adequately resolved. See Exhibit "I" for further information.
4. The Project includes a private roadway and bridge. This means normal curbside trash pick-up and mail delivery may not be available. There is a City and County drainage channel that separates the front and back portion of the Project. The maintenance, repair and replacement of the bridge and private roadway is the responsibility of the Association of Unit Owners for this Project.
5. The water and sewer charges will be determined using internet connections. Accordingly, each Unit owner will be required to have an internet connection as well as the Project. The Association will maintain the internet connection for the Project through a wifi connection on Unit 13.

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General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. 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 and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

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

You will be entitled to exclusive ownership and possession of your unit. Subject to the documents governing them, condominium units may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift or operation of law.

Your unit will, however, be part of the group of units that comprise the condominium project. Study the project's Declaration of Condominium Property Regime, Bylaws of the Association of Unit Owners, Condominium Map and House Rules, if any, which are being concurrently delivered to you with this report. These documents contain important information on the use and occupancy of the units and the common elements of the project, as well as the rules and regulations of conduct for unit owners, tenants and guests.

Operation of the Condominium Project

The Association of Unit Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit 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 a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first 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 purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

1. THE CONDOMINIUM PROJECT

1.1 The Underlying Land

Fee Simple or Leasehold Project	<input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit)
Developer is the Fee Owner	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Fee Owner's Name if Developer is not the Fee Owner	
Address of Project	87-1720 Farrington Highway Waianae, Hawaii 96792
Address of Project is expected to change because	
Tax Map Key (TMK)	(1) 8-7-33-034
Tax Map Key is expected to change because	The addition of CPR Nos.
Land Area	120,966 square feet (2.7764 acres)
Developer's right to acquire the Property if Developer is not the Fee Owner (describe)	

1.2 Buildings and Other Improvements

Number of Buildings	6 in this Phase (17 spatial units remaining)(2 in prior phase)
Floors Per Building	1
Number of New Building(s)	2
Number of Converted Building(s)	0
Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.)	steel, concrete and other allied building materials.

1.3 Unit Types and Sizes of Units

Unit Type	Quantity	BR/Bath	Net Living Area	Net Other Areas	Other Areas (lanai, garage, etc)	Total Area
Hoopili	1	4/2	1,110	82	entry	1192
	1	4/2	1,091	76 / 400	entry/carport	1567
Pohai	1	3/2	930	80 / 400	entry/carport	1410
Pohai II	3	3/2	1013	19	entry	1032

See Exhibit A .

6	Total Number of Units
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Note: Net Living Area is the floor area of the unit measured from the interior surface of the perimeter walls of the unit. Other documents and maps may give floor area figures that differ from those above because a different method of determining floor area may have been used.

1.4 Parking Stalls

Total Parking Stall in the Project:	4 for this Phase (see Exhibit A)
Number of Guest Stalls in the Project:	0
Number of Parking Stalls Assigned to Each Unit:	2
Attach Exhibit _____ specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	

1.5 Boundaries of the Units

Boundaries of the unit:
The exterior surface of a units' perimeter walls, roof, foundation, windows and doors. The boundaries of any spatial unit is the same as the boundary of the limited common element land area of a unit.

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project):
Each spatial unit may be replaced with a single family dwelling, as described in Exhibit "A".

1.7 Common Interest

<u>Common Interest</u> : Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit'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 unit owners. The common interest for each unit in this project, as described in Declaration, is:
Described in Exhibit <u>B</u> .
As follows:
4% per unit (total of 100%)

1.8 Recreational and Other Common Facilities (Check if applicable):

<input type="checkbox"/>	Swimming pool
<input type="checkbox"/>	Laundry Area
<input type="checkbox"/>	Storage Area
<input type="checkbox"/>	Tennis Court
<input checked="" type="checkbox"/>	Recreation Area
<input type="checkbox"/>	Trash Chute/Enclosure(s)
<input type="checkbox"/>	Exercise Room
<input type="checkbox"/>	Security Gate
<input type="checkbox"/>	Playground
<input checked="" type="checkbox"/>	Other (describe): Mailboxes

1.9 Common Elements

Common Elements: Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.

Described in Exhibit B _____.

Described as follows:

Common Element	Number
Elevators	0
Stairways	0
Trash Chutes	0

1.10 Limited Common Elements

Limited Common Elements: A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.

Described in Exhibit B _____.

Described as follows:

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.

<input checked="" type="checkbox"/>	Pets: See Bylaws and House Rules
<input type="checkbox"/>	Number of Occupants:
<input checked="" type="checkbox"/>	Other: HFFDC Requirements and SMA. See Exhibits "G", "H", and "J".
<input type="checkbox"/>	There are no special use restrictions.

1.12 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 a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).

Exhibit C _____ describes the encumbrances against title contained in the title report described below.

Date of the title report: October 30, 2013

Company that issued the title report: Title Guaranty of Hawaii, Inc.

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning				
	Type of Use	No. of Units	Use Permitted by Zoning	Zoning
<input checked="" type="checkbox"/>	Residential	6	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	R-5
<input type="checkbox"/>	Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/>	Mix Residential/Commercial		<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 (Specify):		<input type="checkbox"/> Yes <input type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code			See Exhibit "J"	

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots			
<p>In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.</p> <p>If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.</p> <p>A purchaser may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.</p>			
	Conforming	Non-Conforming	Illegal
Uses	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lot	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:</p> <p>See Exhibit "J" for further information.</p>			

1.15 Conversions

Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.	<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Not Applicable
Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:	
Developer's statement of the expected useful life of each item reported above:	
List of any outstanding notices of uncured violations of any building code or other county regulations:	
Estimated cost of curing any violations described above:	
Verified Statement from a County Official	
Regarding any converted structures in the project, attached as Exhibit ____ is a verified statement signed by an appropriate county official which states that either:	
<div style="margin-left: 20px;"> (A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable: <div style="margin-left: 20px;"> (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal non-conforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; </div> <div style="text-align: center; margin: 10px 0;">or</div> (B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above. </div>	
Other disclosures and information:	

1.16 Project In Agricultural District

Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input type="checkbox"/> Yes <input type="checkbox"/> No If the answer is "No", provide explanation.	
Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input type="checkbox"/> Yes <input type="checkbox"/> No If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.	
Other disclosures and information:	

1.17 Project with Assisted Living Facility

Does the project contain any assisted living facility units subject to Section 321-11(10), HRS? If answer is "Yes", complete information below.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.	
The nature and the scope of services to be provided.	
Additional costs, directly attributable to the services, to be included in the association's common expenses.	
The duration of the provision of the services.	
Other possible impacts on the project resulting from the provision of the services.	
Other disclosures and information.	

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer(s)	<p>Name: Green Homes at Lualualei, LLC</p> <p>Business Address: 1054 Green Street, #503 Honolulu, Hawaii 96822</p> <p>Business Phone Number : (808) 723-5541</p> <p>E-mail Address: greenhomeshawaii@gmail.com</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	<p>Richard John Martin, Member-Manager 1054 Green Street, #503 Honolulu, Hawaii 96822</p> <p>Richard William Martin, Member-Manager Barbara Louise Martin, Member-Manager 1953 Powell Drive El Cajon, California 92020</p>
2.2 Real Estate Broker	<p>Name: Coldwell Banker Pacific Properties</p> <p>Business Address: 1314 South King Street, 2nd Floor Honolulu, Hawaii 96814</p> <p>Business Phone Number: (808) 597-5550</p> <p>E-mail Address:</p>
2.3 Escrow Depository	<p>Name: Title Guaranty Escrow Services, Inc.</p> <p>Business Address: 235 Queen Street, 1st Floor Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 521-0211</p>
2.4 General Contractor	<p>Name: Coulter Construction Company</p> <p>Business Address: 48-439 Kamehameha Highway Kaneohe, Hawaii 96744</p> <p>Business Phone Number: (808) 263-8181</p>
2.5 Condominium Managing Agent	<p>Name: Certified Management, Inc.</p> <p>Business Address: 3170 Koapaka Street Honolulu, Hawaii 96819-5199</p> <p>Business Phone Number: (808) 836-0911</p>
2.6 Attorney for Developer	<p>Name: Michael H. Sakai</p> <p>Business Address: 201 Merchant Street, Suite 902 Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 531-4171</p>

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances (Regular System) or filing in the Office of the Assistant Registrar of the Land Court, or both, a Declaration of Condominium Property Regime, a Condominium Map and the Bylaws of the Association of Unit Owners. The Condominium Property Act (Chapter 514B, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the unit owners with respect to the project and the common elements, to each other, and to their respective units.

3.1 Declaration of Condominium Property Regime

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

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	February 22, 2012	A-44500678

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	April 10, 2013	A-48570871
Bureau of Conveyances	May 21, 2013	A-48920815
Bureau of Conveyances	October 25, 2013	A-50510488
Bureau of Conveyances	December 2, 2013	A-50870911

3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Unit 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 that affect how the condominium project will be governed.

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	February 22, 2012	A-445500679

Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number

3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.

Land Court Map Number	
Bureau of Conveyances Map Number	5071
Dates of Recordation of Amendments to the Condominium Map: April 19, 2013, October 30, 2013	

3.4 House Rules

The Board of Directors may adopt rules and regulations (commonly called "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. Changes to House Rules do not need to be recorded to be effective.

The House Rules for this project:

Are Proposed	<input type="checkbox"/>	
Have Been Adopted and Date of Adoption	<input checked="" type="checkbox"/>	October 31, 2013
Developer does not plan to adopt House Rules	<input type="checkbox"/>	

3.5 Changes to the Condominium Documents

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.

Document	Minimum Set by Law	This Condominium
Declaration	67%	67%
Bylaws	67%	67%

3.6 Rights Reserved by the Developer to Make Changes to the Condominium Project or Condominium Documents

<input type="checkbox"/>	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
<input checked="" type="checkbox"/>	<p>Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House Rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:</p> <p>See page 19.</p>

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

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

The initial Condominium Managing Agent for this project is (check one):

<input checked="" type="checkbox"/>	Not affiliated with the Developer
<input type="checkbox"/>	None (self-managed by the Association)
<input type="checkbox"/>	The Developer or an affiliate of the Developer
<input type="checkbox"/>	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

Estimate of the Initial Maintenance Fees: The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit F contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
<input checked="" type="checkbox"/>	Electricity for the common elements
<input type="checkbox"/>	Gas for the common elements
<input type="checkbox"/>	Water
<input checked="" type="checkbox"/>	Sewer
<input type="checkbox"/>	TV Cable
<input checked="" type="checkbox"/>	Other (specify) internet / wifi service

4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:

<input checked="" type="checkbox"/>	Electricity for the Unit only
<input type="checkbox"/>	Gas for the Unit only
<input checked="" type="checkbox"/>	Water
<input type="checkbox"/>	Sewer
<input checked="" type="checkbox"/>	TV Cable
<input type="checkbox"/>	Other (specify)

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

<input checked="" type="checkbox"/>	Specimen Sales Contract Exhibit <u>D</u> contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
<input checked="" type="checkbox"/>	Escrow Agreement dated: April 13, 2012 Name of Escrow Company: Title Guaranty Escrow Services, Inc. Exhibit <u>E</u> contains a summary of the pertinent provisions of the escrow agreement.
<input checked="" type="checkbox"/>	Other: Declaration of Land Use Restrictive Covenants

5.2 Sales to Owner-Occupants

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants.

<input type="checkbox"/>	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
<input type="checkbox"/>	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit ____.
<input type="checkbox"/>	Developer has or will designate the units for sale to Owner-Occupants by publication.

5.3 Blanket Liens

Blanket Liens: A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.

<input type="checkbox"/>	There are <u>no blanket liens</u> affecting title to the individual units.
<input checked="" type="checkbox"/>	There are <u>blanket liens</u> that may affect title to the individual units.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
Mortgage	If a foreclosure occurs a prospective buyer's contract will be terminated unless assigned to the bank. If terminated, all deposits will be returned to the Buyer.

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:

Building and Other Improvements: 1 year from substantial completion as provided by contractor.
Appliances: Manufacturer's warranty, if any.

5.5 Status of Construction, Date of Completion or Estimated Date of Completion

Status of Construction: Units 13 and 15 were completed in August, 2013. An additional two units are scheduled to be completed in January, 2014 and two more units in March, 2014.
Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.
Completion Deadline for any unit not yet constructed, as set forth in the sales contract: Not later than two (2) years after the effective date of a contract.
Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:

5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance

<input type="checkbox"/>	<p>Spatial Units. The Developer hereby declares by checking the box to the left that it is offering spatial units for sale and will not be using purchasers' deposits to pay for any costs to pay for project construction or to complete the project.</p> <p>Should the developer be using purchasers' deposits to pay for any project construction costs or to complete the project including lease payments, real property taxes, architectural, engineering, legal fees, financing costs; or costs to cure violations of county zoning and building ordinances and codes or other incidental project expenses, the Developer has to met certain requirements, described below in 5.6.1 or 5.6.2..</p>
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The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

<input checked="" type="checkbox"/>	<p>The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project.</p> <p><i>If this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.</i></p>
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5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):

<input type="checkbox"/>	For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or
<input type="checkbox"/>	For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.

In connection with the use of purchaser deposits (check Box A or Box B):

Box A <input type="checkbox"/>	<p>The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>If Box A is checked, you should read and carefully consider the following notice, which is required by law:</p> <p><u>Important Notice Regarding Your Deposits:</u> Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.</p>
Box B <input type="checkbox"/>	<p>The Developer has <u>not</u> submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.</p> <p>If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the <u>Important Notice Regarding Your Deposits</u> set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, <u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u> (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>You should understand that, although the <u>Important Notice Regarding Your Deposits</u> set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.</p>

Material House Bond. If the Developer has submitted to the Commission a completion or performance bond issued by a material house instead of a surety as part of the information provided prior to the use of purchaser deposits prior to closing or conveyance of a unit, the Developer shall disclose the same below and disclose the impact of any restrictions on the Developer's use of purchaser deposits.

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.

1.	Developer's Public Report
2.	Declaration of Condominium Property Regime (and any amendments)
3.	Bylaws of the Association of Unit Owners (and any amendments)
4.	Condominium Map (and any amendments)
5.	House Rules, if any
6.	Escrow Agreement
7.	Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted.
8.	Other: Declaration of Land Use Restrictive Covenants (HHFDC)

Copies of the condominium and sales documents and amendments made by the Developer are available for review through the Developer or through the Developer's sales agent, if any. The Condominium Property Regime law (Chapter 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov

Website to access rules: www.hawaii.gov/dcca/har

5.8 Purchaser's Right to Cancel or Rescind a Sales Contract

A purchaser's right to cancel a sales contract or to rescind a sales contract may arise under varying circumstances. In the sections below, some circumstances that will give rise to a purchaser's right to cancel or rescind are described, together with what a purchaser must do if the purchaser wishes to exercise any of the rights.

5.8.1 When a Sales Contract becomes Binding and Purchaser's 30-Day Right to Cancel a Sales Contract

A sales contract signed by a purchaser and the developer will not become binding on a purchaser or the Developer until the following events have taken place:

(1) The purchaser has signed the sales contract.
(2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.

(3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.

(4) The purchaser does at least one of the following:

(a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

(b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or

(c) Closes the purchase of the unit before the 30-day cancellation period expires.

The purchaser or the Developer may cancel the sales contract at any time during the 30-day cancellation period, and the sales contract will be canceled and the purchaser's deposits returned to the purchaser, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.

5.8.2 Right to Cancel a Sales Contract if Completion Deadline Is Missed

In addition to the purchaser's 30-day cancellation right described in Section 5.8.1 above, when a sales contract is signed before completion of construction of a project, the purchaser will have the right to cancel if the unit is not completed by certain deadlines. In conversion projects, there must be a deadline for completion of any required repairs. Every sales contract shall contain an agreement of the Developer that the completion of construction shall occur on or before the completion deadline, and that completion deadline is set forth in this report in Section 5.5. The sales contract shall provide that the purchaser may cancel the sales contract at any time after the specified completion deadline, if completion of construction does not occur on or before the completion deadline, as the same may have been extended. Upon a cancellation, the purchaser's deposits shall be refunded, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00.

5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change

If a "material change" in a project occurs after a purchaser has signed a sales contract that has become binding, the purchaser will have a 30-day right to rescind after notification and description of the material change. A material change is defined in the Condominium Property Act to be any change that "directly, substantially and adversely affects the use or value of (1) a purchaser's unit or appurtenant limited common elements; or (2) those amenities of the project available for the purchaser's use."

The purchaser will be informed of the material change by the developer on a form prescribed by the Commission containing a description of the material change.

After notice of the material change, the purchaser may waive the right to rescind by:

- (1) Checking the waiver box on the rescission form; or
- (2) Letting the 30-day rescission period expire, without taking any action to rescind; or
- (3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30th calendar day after the purchasers received the rescission form from the developer. Purchasers who validly exercise the right of rescission shall be entitled to a prompt and full refund of any moneys paid.

A rescission right shall not apply in the event of any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the project's Declaration.

These provisions shall not preclude a purchaser from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

A) The Developer may develop, construct, and sell the units in one or more phases or increments. This means that the dwellings for the units may be constructed at different times. Because the units may be constructed in batches, the general contractor may also change for each group or batch of dwellings being constructed.

B) Developer has reserved the following rights as set forth in the Declaration: (1) until a unit is sold, to change the layout and materials used in a unit; (2) to pay for actual expenses of the Project until maintenance fees commence; (3) to make corrections to the Project Documents; (4) to file an "as-built" certificate of architect; (5) to grant easements and enter into easement agreements for utilities and the bridge; and (6) to amend the Project Documents as may be required to comply with law.

C) Prospective purchasers must meet all HHFDC eligibility requirements in order to purchase a unit in this Project. **All purchasers must be owner-occupants.** Accordingly, purchasers must comply with all of the HHFDC requirements in addition to the requirements contained in the Sales Contract. See Exhibits "G" and "H" attached hereto. Note also Exhibit "I" (Seller's Repurchase Option).

D) The Project is subject to a special management area use permit (SMA). See Exhibit "J" which contains a copy of the SMA.

E) The maintenance fee schedule contained in Exhibit "F" was prepared by the Managing Agent. This is only an estimate. It does not include any reserve study which would include a reserve for the bridge over Ulehawa Channel (the drainage channel). The Developer purchased the Property with the existing bridge. Maintenance fees historically will increase after the first year of a project's operations due to inflation and other variables not presently known to the Managing Agent. Maintenance fees, if any, will only be collected from units that have been improved with a dwelling. The Developer will be responsible for all fees and expenses associated with the spatial units.

F) The Developer will be constructing a dwelling in place of a spatial unit. However, this may occur at different times so that purchasers may be subject to construction related activities which will create noise, dust and other inconveniences. The dwellings will not include any landscaping or other improvements unless specifically provided for in a purchaser's sales contract.

G) Green Homes at Lualualei, LLC and Gilbert Bardin are the Developers of the Green Homes at Lualualei project (the "Project") per the documents filed with HHFDC. Notwithstanding the foregoing, Green Homes at Lualualei, LLC has been conducting and undertaking all aspects of the development of the Project and Mr. Bardin has had limited participation with this Project.

The manager of Green Homes at Lualualei, LLC is Richard John Martin. Mr. Martin holds a Hawaii State real estate license (RS-66346) and is a licensee with the Project's Broker, Coldwell Banker Pacific Properties.

H) The electrical energy needs for a unit will be provided in part by a Photovoltaic System ("PV System") and by Hawaiian Electric Company ("HECO"). A prospective purchaser will be given the option to purchase the PV System and if he doesn't then the PV System will be owned by the Developer (or its nominee) and the owner of the unit will enter into a power purchase agreement or similar instrument ("PPA") whereby the owner of the unit (including any tenant or other occupant of the unit) agrees to purchase the energy generated by the PV System at a rate which shall be less than the residential published rate of HECO. The unit purchaser (or the Developer or its nominee on behalf of the unit purchaser) will enter into a lease with the Developer which permits the PV System to be maintained and operated on the roof of the unit. The lease will provide for nominal rent (\$1 per year) and other standard terms and conditions. Materials on the PV System, purchase information of the PV System, and lease information will be provided to prospective purchasers for his review and approval prior to a closing of the purchase of the unit.

I) The Project is serviced by one water meter. Accordingly, the Developer has entered into an agreement with Guardian Water and Power, Inc. ("Guardian") who will maintain all of the mechanical components required for the delivery of water service to each of the units. It will also be responsible for the submetering of the water usage and billing of the water charges to each unit. Water usage and billing will be determined through the internet and accordingly each unit will be required to maintain such connection through the Association's wifi network.

J) Because the Project is near the ocean and there is a drainage channel that cuts through the Project properties, Purchaser are cautioned to determine whether flood insurance may be recommended or required. Living near the ocean will also create other hazards and conditions associated with moisture, waves, storms and high concentration of salt in the air. Salt air is detrimental to metals, steel, and related products.

The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

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 purchasers 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. The Developer hereby agrees promptly to amend this report to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

GREEN HOMES AT LUALUALEI, LLC

Printed Name of Developer

By:



Duly Authorized Signatory*

November 12, 2013

Date

Richard John Martin, Manager

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, City and County of Honolulu

Planning Department, City and County of Honolulu

***Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

EXHIBIT "A"

Description of Units

The Project is divided into the following 25 freehold estates:

There are eight (8) units that are or will be improved with a dwelling and all of the remaining units are spatial units without any improvements, each of which has been designated for separate ownership, the horizontal boundaries (footprint) of which is set forth in the Condominium Map. The height and/or vertical limit of a spatial unit is the horizontal plane that is 30 feet above the finished grade of the land area enclosed by the horizontal boundaries of the spatial unit area. The net area of a spatial unit is the same area as the limited common element land area of the unit. The net area of each of the spatial units or the limited common element land area for units that have a dwelling is further described as follows:

Spatial Unit, Dwelling Completion and Limited Common Element Land Area

The unit's spatial area and its appurtenant limited common element land area have the same boundaries. If a spatial unit has been replaced with a dwelling then the type of dwelling or model of the home is set forth below and also includes which Increment or Phase such unit was a part of. The description of each of the dwelling types are described below. This Exhibit will be updated and amended whenever a spatial unit is replaced with a dwelling. The net area for the spatial units and appurtenant limited common element land areas are as follows:

<u>Increment</u>	<u>Unit No.</u>	<u>Unit Type</u>	<u>Land Area (square feet)(net area)</u>
	1	spatial	4,928 (4,225)
	2	spatial	4,736 (3,903)
	3	spatial	4,162 (3,613)
	4	spatial	4,210 (3,924)
	5	spatial	4,843 (4,151)
	6	spatial	4,178 (3,843)
	7	spatial	4,594 (3,943)
	8	spatial	4,116 (3,941)
	9	spatial	4,215 (4,068)
	10	spatial	4,582 (3,321)
	11	spatial	4,495 (3,870)
	12	spatial	4,220 (3,776)
2	13	Hoopili*	3,765 (3,494)
	14	spatial	4,759 (3,515)
2	15	Pohai*	3,716 (3,411)
	16	spatial	3,691 (3,162)
1	17	Ohana	3,665 (3,366)
	18	spatial	3,992 (3,412)
1	19	Malia	3,647 (3,344)
2	20	Hoopili	3,916 (3,550)
2	21	Pohai II	3,239 (2,624)
2	22	Pohai II	3,322 (3,242)
	23	spatial	4,290 (4,096)
2	24	Pohai II	3,250 (2,973)
	25	spatial	4,312 (3,751)

*Means the unit has a carport.

NOTE:

(1) Each of the land areas described above are approximate. They were based on the Condominium Map.

(2) The net limited common element land areas were determined by deducting the approximate land areas of the applicable flowage, utility and/or access easement. No deduction was made for the electrical easement which is for overhead power lines. There may be additional easements shown on the Condominium Map or described in Exhibit "A" which may have not been reflected in the above computations.

(3) There are numerous reserved rights in favor of the Developer which includes the granting of additional easements. The limited common element land areas described above would also be subject to any additional easements that may be granted in the future; provided that the Developer would not establish any new easements that would interfere with the use and enjoyment of a dwelling.

Unit or Floor Area. The floor area of a spatial unit is the net area that is bounded by the boundaries set forth in the Condominium Map. The net living area of a dwelling if and when constructed, will be measured from the interior surface of the unit's perimeter walls. Because there are differences in the methodology that professionals use in determining and measuring the net areas or net living areas other professionals may end up with different area or computation.

Developer's Right to Change Layout. Until a unit is sold, the Developer reserves the right to change the boundaries of a unit (a spatial unit or dwelling) and to change the layout, location, design, materials, and all features of a dwelling, as the same are presently described in Exhibit "B" attached hereto and incorporated herein.

Unit and Dwelling Type Descriptions.

As provided in the Declaration, each of the spatial units in the Project may be replaced with a dwelling. Each of the dwellings in the Project will consist of one of the following model types. This may change. Not every model type is available or can be constructed on the limited common element land area appurtenant to a unit. The Developer reserves the right to designate which model type of dwelling will be constructed on each individual unit's appurtenant limited common element land area. Some dwellings may also have options, upgrades or alternate features or amenities. The determination of the type of dwelling that may be constructed on a particular unit's limited common element land area may be based on a prospective purchaser's contract to purchase or as determined by the Developer. Until a unit is improved with a dwelling, the Developer further reserves the right to make changes to the unit (or dwelling) which may include but is not necessarily limited to interior finishes, electrical and plumbing fixtures, appliances, and floor coverings and window treatments. The Developer intends to furnish each dwelling with a photovoltaic electrical system and solar water heating system. The photovoltaic system, if any, will not belong to the unit owner. Rather, the unit owner will be leasing the roof of the dwelling to the Developer or its nominee for a nominal rent and in return the Developer or its nominee will maintain a photovoltaic system on the roof and charge the occupant of the dwelling a reduced rate for the electrical usage supplied by such system. There will be documents and instruments provided by the Developer to the unit owner further explaining how the photovoltaic system will work.

Current Model Types:

1. Makalapua. This type of dwelling is a one-story structure constructed principally of steel with a slab foundation. This dwelling consists of a living/dining room, kitchen, laundry room, three bedrooms, two bathrooms, a lanai and rear landing area. There is also an attached carport with storage. The approximate net living area of this dwelling is 1,244 square feet, the approximate net area of the other parts of the dwelling are as follows: rear landing – 52 square feet; lanai – 56 square feet; and carport/storage – 564 square feet.

2. Malia. This type of dwelling is a one-story structure constructed principally of steel with a slab foundation. This dwelling consists of a living/dining room, kitchen, four bedrooms, two bathrooms, and an entry porch and covered laundry area. The approximate net living area of this dwelling is 1,200 square feet, the approximate net area of the other parts of the dwelling are as follows: entry porch – 40 square feet; and covered laundry area – 72 square feet. This type of dwelling has an optional carport.

3. Ohana. This type of dwelling is a one-story structure constructed principally of steel with a slab foundation. This dwelling consists of a living/dining room, kitchen, three bedrooms, two bathrooms, an entry alcove, and a covered laundry area. The approximate net living area of this dwelling is 1,000 square feet, the approximate net area of the other parts of the dwelling are as follows: entry alcove – 66 square feet; and covered laundry - 80 square feet. This type of dwelling has an optional carport.

4. Kilohana. This type of dwelling is a two-story structure constructed principally of steel with a slab foundation. This dwelling consists of a living/dining room, kitchen, three bedrooms, two bathrooms, an interior staircase, and a deck on the upper level, and a family room, two bedrooms and one bathroom on the lower level. The second floor is also connected by an exterior stairway to the ground level. There is also an attached carport with storage and laundry area. The approximate net living area of this dwelling is 578.33 square feet for the lower level and 1,152 square feet for the upper level, for a total of 1,730 square feet, the approximate net area of the other parts of the dwelling are as follows: deck – 112 square feet; and carport/storage/laundry – 504 square feet.

5. Hoopili. This type of dwelling is a one-story structure constructed principally of steel with either a slab foundation or post and pier foundation. This dwelling consists of a living/dining room, kitchen, four bedrooms, two bathrooms, and an entry. The approximate net living area of this dwelling is 1,110 or 1,091* square feet, the approximate net area of the other parts of the dwelling are as follows: entry – 76* or 82 square feet. This type of dwelling has an optional carport. The carport contains approximately 400 square feet of area.

*This is the area for the Hoopili type unit with a carport.

6. Pohai. This type of dwelling is a one-story structure constructed principally of steel with either a slab foundation or post and pier foundation. This dwelling consists of a living/dining room, kitchen, three bedrooms, two bathrooms, and an entry. The approximate net living area of this dwelling is 930 square feet, the approximate net area of the other parts of the dwelling are as follows: entry – 80 square feet. This type of dwelling has an optional carport. The carport contains approximately 400 square feet of area.

7. Pohai II. This type of dwelling is a one-story structure constructed principally of steel with either a slab foundation or post and pier foundation. This dwelling consists of a living/dining room, kitchen, three bedrooms, two bathrooms, and an entry. The approximate net living area of this dwelling is 1013 square feet, the approximate net area of the other parts of the dwelling are as follows: entry – 19 square feet. This type of dwelling has an optional carport. The carport contains approximately 400 square feet of area. The location of the water heater may change for each Pohai II unit.

The above dwelling types are the only dwelling types available. The Developer has reserved the right to make changes to the dwelling types available.

EXHIBIT "B"

The following is provided in the Declaration for the Project:

Common Elements

All remaining portions of the Project are hereby designated as and herein called the "common elements", including specifically but not limited to:

- a. Land. The land described herein in Exhibit "A" in fee simple and the roadway as shown on the Condominium Map and easement for the bridge.
- b. Utilities. The central and appurtenant installations for services such as power, light, gas, telephone, sewer, drainage, cable television, and like utilities which services more than one unit and any easements for such utility service, if any.
- c. Easements. The common easements for drainage and all common or shared installations for underground utilities, which run upon or under the limited common elements of a unit, if any.
- d. Other Common Elements. Any and all other structures, improvements, apparatus and installation of common use, including but not limited to the private park, any parking for the private park, the roadway, the bridge, and other improvements associated therewith, including landscaping, the three fire hydrants, and all other parts of the Project necessary or convenient to the existence, maintenance and safety of the Project, or normally in common use. Such areas may include areas adjacent to the drainage channel that are not a part of the Project's land area.

Limited Common Elements

Certain parts of the common elements, herein called the "limited common elements", are hereby designated and set aside for the use of certain units, and such units shall have appurtenant thereto exclusive easements for the use of such limited common elements as follows:

- a. Yard Areas. Each unit has an appurtenant limited common element land area or yard. The boundary of the yard area is the same as the boundary of the unit. The yard areas are shown on the Condominium Map. Each of the limited common element land areas are subject to the utility easement shown in the Condominium Map. Each unit owner is responsible for maintaining its own yard and all improvements located within its limited common element land area, unless such improvement is a common element.
- b. Mailboxes. The mailbox assigned to a unit shall be limited to the use of such unit. Each unit shall at all times have at least one mailbox appurtenant to it. The Declarant shall determine the location of the mailboxes, numbering and assignment scheme for the mailboxes. The mailboxes will located in the private park area.
- c. Parking. Each unit shall have at least two parking stalls which may be open parking or in a garage or carport. There is no common visitor or guest parking in this Project.
- d. Other Limited Common Elements. All common elements of the Project which are rationally related to less than all of the units shall be limited to the use of such unit or units to which the same are related and shall be deemed limited common elements of such unit.

EXHIBIT "C"

Encumbrances Against Title

1. Mineral and water rights of any nature in favor of the State of Hawaii.
2. -AS TO PARCEL SECOND:-

The terms and provisions contained in the following:

INSTRUMENT : JUDGMENT AND FINAL ORDER OF CONDEMNATION

DATED : March 6, 1963

FILED : First Circuit Court, State of Hawaii, Civil Number 11314, on
March 6, 1963

RECORDED : Liber 4474 Page 423

The foregoing includes, but is not limited to, matters relating to the following:

"provided, however, that any roadway constructed by the defendant in the remaining mauka portion and connected with the bridge shall not exceed 600 feet in length and such road shall be a dead-end road."

3. Any adverse claim or boundary dispute which may exist or arise by reason of the failure of the Judgment and Final Order of Condemnation referred to in Schedule C to locate with certainty the boundaries of the easement described in said instrument.
4. -AS TO PARCEL FIRST:-

A) MORTGAGE

LOAN/ACCOUNT NO. 20389804

MORTGAGOR : RICHARD JOHN MARTIN, unmarried, and RICHARD WILLIAM MARTIN and BARBARA LOUISE MARTIN, husband and wife

MORTGAGEE : MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC.,
solely as nominee for AMERICAN SAVINGS BANK, F.S.B., a
federal savings bank

DATED : February 25, 2008

RECORDED : Document No. 2008-030570

AMOUNT : 295,100.00

ABOVE MORTGAGE ASSIGNED

TO : AMERICAN SAVINGS BANK, F.S.B., a federal savings bank

DATED : April 11, 2011

RECORDED : Document No. 2011-069962

ABOVE MORTGAGE AMENDED BY INSTRUMENT

DATED : Effective as of April 18, 2011
RECORDED : Document No. 2011-069963
RE : the definition of the "Borrower" in the original Mortgage shall be amended to be RICHARD WILLIAM MARTIN, BARBARA LOUISE MARTIN, and GREEN HOMES AT LUALUALEI, LLC, a Hawaii limited liability company.

(B) The terms and provisions contained in the following:

INSTRUMENT : ASSIGNMENT OF LESSOR'S INTEREST IN LEASES AND RENTS

DATED : April 18, 2011
RECORDED : Document No. 2011-069964
PARTIES : GREEN HOMES AT LUALUALEI, LLC, a Hawaii limited liability company, "Assignor", and AMERICAN SAVINGS BANK, F.S.B., a federal savings bank, "Lender"
RE : to secure the repayment of that certain promissory note in the amount of \$295,100.00

(C) FINANCING STATEMENT

DEBTOR : RICHARD WILLIAM MARTIN, BARBARA LOUISE MARTIN, and GREEN HOMES AT LUALUALEI, LLC

SECURED
PARTY : AMERICAN SAVINGS BANK, F.S.B.

RECORDED : Document No. April 29, 2011
RECORDED ON: 2011-069965

(D) Designation of Easement "1" for water meter purposes in favor of the Board of Water Supply, as shown on subdivision map prepared by Arden J. Torcuato, Licensed Professional Land Surveyor, with Leaps & Boundaries, Inc., approved by the Department of Planning and Permitting, City and County of Honolulu on November 25, 2011.

(E) GRANT OF WATER METER EASEMENT

TO : BOARD OF WATER SUPPLY, CITY AND COUNTY OF HONOLULU

DATED : December 28, 2011
RECORDED : Document No. A-43790765
GRANTING : a perpetual easement for facilities purposes over Easement "1" as set forth therein

5. -AS TO PARCEL SECOND:-

(A) MORTGAGE

LOAN/ACCOUNT NO. 20389781

MORTGAGOR : RICHARD JOHN MARTIN, unmarried, and RICHARD WILLIAM MARTIN and BARBARA LOUISE MARTIN, husband and wife

MORTGAGEE : MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC., solely as nominee for AMERICAN SAVINGS BANK, F.S.B., a federal savings bank

DATED : February 25, 2008

RECORDED : Document No. 2008-030571

AMOUNT : 354,900.00

ABOVE MORTGAGE ASSIGNED

TO : AMERICAN SAVINGS BANK, F.S.B., a federal savings bank

DATED : April 11, 2011

RECORDED : Document No. 2011-069958

ABOVE MORTGAGE AMENDED BY INSTRUMENT

DATED : Effective as of April 18, 2011

RECORDED : Document No. 2011-069959

RE : (A) to deleting the reference to "Three Hundred Fifty-Four Thousand Nine Hundred and No/100 Dollars (\$354,900.00)" and replacing such deletion with "Three Hundred Fifty-Four Thousand Six Hundred and No/100 Dollars (\$354,600.00)"; (B) the definition of the "Borrower" in the original Mortgage shall be amended to be RICHARD WILLIAM MARTIN, BARBARA LOUISE MARTIN, and GREEN HOMES AT LUALUALEI, LLC, a Hawaii limited liability company.

(B) The terms and provisions contained in the following:

INSTRUMENT : ASSIGNMENT OF LESSOR'S INTEREST IN LEASES AND RENTS

DATED : April 18, 2011

RECORDED : Document No. 2011-069960

PARTIES : GREEN HOMES AT LUALUALEI, LLC, a Hawaii limited liability company, "Assignor", and AMERICAN SAVINGS BANK, F.S.B., a federal savings bank, "Lender"

RE : to secure the repayment of that certain promissory note in the amount of \$354,600.00

(C) FINANCING STATEMENT

DEBTOR : RICHARD WILLIAM MARTIN, BARBARA LOUISE MARTIN, and GREEN HOMES AT LUALUALEI, LLC

SECURED
PARTY : AMERICAN SAVINGS BANK, F.S.B.

RECORDED : Document No. April 29, 2011
RECORDED ON: 2011-069961

6. The terms and provisions contained in the following:

INSTRUMENT : GREEN HOMES AT LUALUALEI DECLARATION OF LAND USE
RESTRICTIVE COVENANTS

DATED : June 27, 2011
RECORDED : Document No. A-43950961

The foregoing includes, but is not limited to, matters relating to options/restrictions on resale.

7. Restrictions on sale, including but not limited to Shared Appreciation, and Buyback, mentioned in GREEN HOMES AT LUALUALEI DECLARATION OF LAND USE RESTRICTIVE COVENANTS, dated June 27, 2011, filed as Document No. A-43950961.

8. The terms and provisions contained in the following:

INSTRUMENT : DECLARATION OF CONDOMINIUM PROPERTY REGIME FOR
"GREEN HOMES AT LUALUALEI" CONDOMINIUM PROJECT

DATED : February 22, 2012
RECORDED : Document No. A-44500678
MAP : 5071 and any amendments thereto

The foregoing includes, but is not limited to, matters relating to repurchase rights as set forth in Paragraph 27.0 thereof, and right of first refusal as set forth in Paragraph 27.0a thereof (or any renumbered paragraph pursuant to amendment).

Said Declaration was amended by instruments dated April 10, 2013, recorded as Document No. A-48570871, dated May 21, 2013, recorded as Document No. A-48920815, dated October 25, 2013, recorded as Document No. A-50510488, and dated December 2, 2013, recorded as Document No. A-50870911.

9. The terms and provisions contained in the following:

INSTRUMENT : BY-LAWS OF THE ASSOCIATION OF UNIT OWNERS

DATED : February 22, 2012
RECORDED : Document No. A-44500679

10. -AS TO UNIT 2 ONLY:-

Designation of Easement "A-1" for access purposes, as set forth in instrument dated February 22, 2012, recorded as Document No. A-44500678, as amended.

Note: This unit is not in Increment 2.

11. -AS TO UNIT 3 ONLY:-

Designation of Easement "A-2" for access purposes, as set forth in instrument dated February 22, 2012, recorded as Document No. A-44500678, as amended.

Note: This unit is not in Increment 2.

12. -AS TO UNIT 12 ONLY:-

Designation of Easement "A-3" for access purposes, as set forth in instrument dated February 22, 2012, recorded as Document No. A-44500678, as amended.

Note: This unit is not in Increment 2.

13. -AS TO UNIT 13 ONLY:-

(A) Designation of Easement "A-4" for access purposes, as set forth in instrument dated February 22, 2012, recorded as Document No. A-44500678, as amended.

(B) Designation of Wifi Easement for the purpose of installing, maintaining and operating a submeter box, as set forth in instrument dated October 25, 2013, recorded as Document No. A-50510488.

Note: This unit is not in Increment 2.

14. -AS TO UNIT 25 ONLY:-

Designation of Easement "A-5" for access purposes, as set forth in instrument dated February 22, 2012, recorded as Document No. A-44500678, as amended.

Note: This unit is not in Increment 2.

15. GRANT

TO : HAWAIIAN ELECTRIC COMPANY, INC. and HAWAIIAN
TELCOM, INC.

DATED : June 4, 2012

RECORDED : Document No. A-45460190

GRANTING : a perpetual right and easement for utility purposes

16. -AS TO UNITS 11 THRU 16, and 18 THRU 22 ONLY:-

SECOND MORTGAGE

MORTGAGOR : GREEN HOMES AT LUALUALEI, LLC, a Hawaii limited liability
company

MORTGAGEE : REAL TRUST IRA ALTERNATIVES, LLC fbo KAREN TENGAN 44-TR14

DATED : June 1, 2012
RECORDED : Document No. A-45460226
AMOUNT : \$151,200.00

17. -AS TO UNITS 1 THRU 10, and 23 THRU 25 ONLY:-

SECOND MORTGAGE

MORTGAGOR : GREEN HOMES AT LUALUALEI, LLC, a Hawaii limited liability company

MORTGAGEE : ANTHONY M. GAIRNESE, married

DATED : August 29, 2012
RECORDED : Document No. A-46310396
AMOUNT : \$163,800.00

18. -AS TO UNITS 14, 16, 18, 21 AND 24 ONLY:-

Designation of Easement "F-1" (5 feet wide) for flowage purposes, as shown on CPR Map prepared by William H. Q. Bow, Licensed Professional Engineer, with Bow Engineering & Development, Inc., dated March 6, 2013.

-NOTE:- Title Guaranty of Hawaii, Inc. is unable to locate of record the subdivision approval by the Department of Planning and Permitting, City and County of Honolulu for said Easement "F-1".

19. -AS TO UNIT 10 ONLY:-

(A) Designation of Easement "U-1" (10 feet wide) for utility purposes, as shown on CPR Map prepared by William H. Q. Bow, Licensed Professional Engineer, with Bow Engineering & Development, Inc., dated March 6, 2013.

-NOTE:- Title Guaranty of Hawaii, Inc. is unable to locate of record the subdivision approval by the Department of Planning and Permitting, City and County of Honolulu for said Easement "U-1".

(B) MORTGAGE

MORTGAGOR : GREEN HOMES AT LUALUALEI, LLC, a Hawaii limited liability company

MORTGAGEE : JEREMY MICHAEL KOWALCZYK, unmarried

DATED : July 16, 2013
RECORDED : Document No. A-49520144
AMOUNT : \$70,000.00

Note: This unit is not in Increment 2.

20. -AS TO UNITS 1 THRU 10, INCLUSIVE:-

Designation of Easement "UF-1" (8 feet and 5 feet wide) for flowage/utility purposes, as shown on CPR Map prepared by William H. Q. Bow, Licensed Professional Engineer, with Bow Engineering & Development, Inc., dated March 6, 2013.

-NOTE:- Title Guaranty of Hawaii, Inc. is unable to locate of record the subdivision approval by the Department of Planning and Permitting, City and County of Honolulu for said Easement "UF-1".

Note: This unit is not in Increment 2.

21. -AS TO UNITS 5 and 7 ONLY:-

Designation of Easement "UF-2" (5 feet wide) for flowage/utility purposes, as shown on CPR Map prepared by William H. Q. Bow, Licensed Professional Engineer, with Bow Engineering & Development, Inc., dated March 6, 2013.

-NOTE:- Title Guaranty of Hawaii, Inc. is unable to locate of record the subdivision approval by the Department of Planning and Permitting, City and County of Honolulu for said Easement "UF-2".

Note: This unit is not in Increment 2.

22. -AS TO UNITS 11 THRU 16, AND 18 THRU 25, INCLUSIVE:-

Designation of Easement "UF-3" (6.5 feet wide) for flowage/utility purposes, as shown on CPR Map prepared by William H. Q. Bow, Licensed Professional Engineer, with Bow Engineering & Development, Inc., dated March 6, 2013.

-NOTE:- Title Guaranty of Hawaii, Inc. is unable to locate of record the subdivision approval by the Department of Planning and Permitting, City and County of Honolulu for said Easement "UF-3".

23. Any unrecorded leases and matters arising from or affecting the same.

24. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land described in Schedule C herein.

-Note:- Before issuance of an ALTA policy, verification is required that there is no renovation or construction in progress at the present time, nor has there been any renovation or construction during the past year, nor has any material been delivered to the site for purposes of renovation or construction in the past year.

EXHIBIT "D"

Summary of Sales Contract

The Sales Contract contains the purchase price, description and location of the unit and other terms and conditions in detail under which a Purchaser will agree to buy a unit in the Project.

Among other things, the Sales Contract:

1. Provides a section for financing to be completed and agreed to by the parties which will set forth how Purchaser will pay the purchase price.
2. Identifies the escrow agent and states that purchaser's deposit will be held in escrow until the Sales Contract is closed or canceled.
3. Requires that Purchaser must close the purchase at a certain date and pay closing costs, in addition to the purchase price.
4. Permits the Developer without the consent or approval of a purchaser to modify the Declaration, Bylaws Condominium Map or other documents provided that purchaser may cancel the Sales Contract and obtain a refund if such modification:
 - a. substantially and materially impairs the use and enjoyment of the unit;
 - b. substantially and materially alters the arrangement of the rooms or usable space of a unit or building;
 - c. renders unenforceable a purchasers' loan commitment;
 - d. increases the purchaser's share of common expenses or maintenance fees;
 - e. reduces the obligations of Developer of common expenses on unsold units.
5. Provides that the Purchasers must meet HHFDC's eligibility requirements.
6. Provides that the Developer is not providing any warranty other than the contractor's one (1) year warranty and the appliance manufacturer warranties, if any.
7. Provides that a Photovoltaic System will be installed for each unit and a purchaser will be required to purchase the energy generated from that system. There is also a private company taking care of the billing for the water usage for each unit.
8. Contains the following provision in Addendum "A" to the contract:

"20. NO WARRANTIES OR REPRESENTATIONS; DISCLOSURES

 - a. Manufacturers' or Dealers' Warranties. Buyer shall have the direct benefit of any manufacturers or dealer's warranties covering any new appliances in the Unit, if any. The recording of the Unit Deed in the Recording Office which conveys the Unit from the Seller to the Buyer shall operate as an assignment from Seller to Buyer of any manufacturers' or dealers' warranties covering any appliances and other consumer products for their

unexpired terms, to the extent that such warranties exist and to the extent that Seller has the right and power to make such an assignment. The terms of the manufacturers' or dealers' written warranties, if any, are available for Buyer's examination at Buyer's request. The Seller, not being the manufacturer of any appliances nor the manufacturer's agent, disclaims any express or implied warranty of any kind whatsoever with respect to such new appliances, including the merchantability of such appliances or their fitness for any particular purpose.

b. No Other Warranties. The General Contractor for the Project is only providing a one year warranty for workmanship and materials. The one year commences upon the issuance of a temporary Certificate of Occupancy for the Project. This date may not be the same date as the Closing Date. Accordingly, the Buyer or the Association must provide prompt notification to Seller of any defects in the Unit and the Project. In addition, Seller will not be responsible for damage to the Unit or common elements arising out of the failure of Buyer or the Association to take reasonable and prudent steps to maintain the Project and/or Unit or to prevent damage or further damage to the Unit. Except as provided by the General Contractor's Limited Warranty, SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE UNIT, THE PROJECT, OR CONSUMER PRODUCTS OR OTHER THINGS CONTAINED IN THE UNIT, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY OR WORKMANLIKE CONSTRUCTION.

c. No Reliance by Buyer. Buyer is not relying on any representations or warranties (written, pictorial, oral, or otherwise) concerning the Unit and Project and assumes all risks of the development or marketability of the Unit and Project, the risk of changes in applicable laws, and the risk of obtaining any governmental approvals. Without limiting the foregoing, Buyer acknowledges that neither Seller nor any of Seller's employees, or Broker, or any of its salespersons have made any representation or warranty that the Unit has good investment potential or will increase in value or can be successfully developed.

d. The Condominium Map Is Not A Warranty. The Condominium Map for the Project is intended to show only the layout, location, unit numbers and approximate dimensions of the units in the Project. BUYER AGREES THAT THE CONDOMINIUM MAP IS NOT INTENDED TO BE AND IS NOT A WARRANTY OR PROMISE OF ANY KIND BY SELLER OR BROKER OR GENERAL CONTRACTOR. SELLER DOES NOT MAKE ANY STATEMENT ABOUT THE ACCURACY OF THE CONDOMINIUM MAP. The living areas of the Unit and its appurtenant limited common element land area were determined by a design professionals. Different design professionals may obtain different results for the subject areas. Buyer agrees that if it is discovered that the area of the Unit, or its layout, or configuration of the Unit, or its limited common element land area are smaller or different in any manner from the Condominium Map that such differences shall not affect the Total Purchase Price.

e. Seller Makes No Promises About Rentals. BUYER AGREES THAT NO ONE (INCLUDING THE SELLER, BROKER OR ANY SALESPERSON) HAS TALKED TO BUYER AT ALL ABOUT ANY RENTAL INCOME OR RENTAL OR SALES SERVICES FOR THE BUYER'S UNIT. IF BUYER WANTS TO RENT OR SELL THE UNIT, HOW BUYER DOES IT WILL BE UP TO BUYER, BUT SUBJECT TO ANY APPLICABLE RESTRICTIONS. BUYER ALSO AGREES THAT NO ONE HAS TALKED TO BUYER AT ALL ABOUT INCOME FROM THE UNIT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE PURCHASE OR OWNERSHIP OF THE UNIT OR ABOUT THE TAX EFFECTS OF BUYING THE UNIT.

f. Mold Disclosure. Mold and mold spores are present throughout the environment, and dwelling construction is not, and cannot be, designed to exclude mold spores. All mold is not necessarily harmful, but certain strains of mold have been shown to have adverse health effects in susceptible persons. Moisture is the only growth factor that can be controlled in a residential setting. Buyer must take steps to reduce or eliminate the occurrence of moisture in the Unit. Seller and General Contractor cannot be responsible for any mold or mold spores present in the environment or in the Unit and Project.

g. Construction Activities. Buyer acknowledges and agrees that there are other construction activities that are or will be occurring in neighboring properties and units. Such activities may occur even after Buyer occupies his Unit. The construction activities will create noise, dust, and other inconveniences and annoyances to Buyer. Also certain hazardous conditions relating to the construction may exist for a period of time.

Buyer gives up any rights or claims which Buyer might otherwise have against Seller or anyone else because of these conditions.

h. Concrete Foundations. Buyer acknowledges and understands that some of the units may be constructed on a concrete slab foundation. Absent Seller knowingly and fraudulently or as a result of willful misconduct on the part of the Seller, Buyer releases Seller and the General Contractor from any damages resulting from such concrete cracks in the slab foundation, driveways, lanais, and any other concrete or CMU part of the Unit, if applicable, to the extent such concrete cracks do not pose structural safety concerns.

i. Acceptance of Conditions; Release. Buyer hereby accepts all of the foregoing terms and conditions described in paragraphs a through h above as well as any loss or value, marketability, inconvenience or annoyance which Buyer may experience as a result of such conditions and hereby expressly waives any rights, claims or actions which he might otherwise have against Seller as a result of such circumstances. The Buyer, for himself, his heirs, personal representatives, successors, assigns, and any person using or occupying the Unit, hereby releases, and agrees to indemnify and hold harmless, Seller, Broker, its agents, General Contractor, and Seller's employees, contractors, professionals, and its consultants, and each of their respective successors and assigns from and against any and all damages, liability, personal injury claims or illness, property damage claims, cost and expenses including reasonable attorney's fees, relating to any claim by the Buyer or any person using or occupying the Unit arising directly or indirectly out of or from the conditions described in the paragraphs a through h above, including impairment of the use and enjoyment of the Unit and loss of market value and hereby agrees to these provisions which shall also be contained in the Unit Deed and Buyer shall further include these provisions in any subsequent conveyance of the Unit. Buyer furthermore agrees that Buyer will not file suit or make any claim against Seller, Broker, and any of their respective officers, directors, employees, agents, successors and assigns, on account of or resulting from any inconvenience, disturbance, damages, claims, liability, and/or injury arising from or related to the conditions set forth in this Section. Buyer represents and warrants to Seller that Buyer, in Buyer's sole discretion, has determined that the benefits of owning and enjoying the Unit outweighs the risks of any of the conditions described in paragraphs a through h above. The terms of this Section shall survive the occupancy of the Unit by Buyer and the delivery and recording of the Unit Deed to Buyer."

j. The following is provided in the Sales contract.

"28. MANDATORY MEDIATION AND ARBITRATION OF DISPUTES AFTER THE RECORDING DATE.

If, after the recording of the Unit Deed, any dispute arises between Buyer and Seller arising out of or relating to the Unit or the Project, including but not limited to any allegations of misrepresentation, the parties agree to first attempt to resolve their dispute by negotiation and then by mediation. If the parties are unable to settle their dispute, than any unresolved dispute shall be resolved by arbitration before a single arbitrator administered by the Dispute Prevention and Resolution, Inc., or another dispute resolution group acceptable to both parties, and judgment upon the arbitrator's award may be entered in any courts having jurisdiction thereof. If both parties agree, the person serving as mediator may also serve as arbitrator for the dispute. Each party shall be responsible for the administrative fees incurred by that party, and the arbitrator's and mediator's compensation shall be shared equally by the parties. The prevailing party, if any, shall be entitled to an award reasonable attorney's fees, and the arbitrator shall be the sole judge in determining the reasonableness of attorney's fees to be awarded and in determining which party is the prevailing party. The parties and the mediator and arbitrator shall keep the content and results of any mediation or arbitration confidential. The arbitration may not be consolidated with other arbitration proceedings unless both parties agree to such consolidations. Notwithstanding the foregoing, Seller may, at any time exercise its option to re-purchase the Unit from the Buyer during the initial 10-years from the date of initial recording of the Unit, subject to HHFDC's Use, Sale and Transfer Restriction and HHFDC's prior written consent. The Seller's right to repurchase the Unit is more fully described in the Declaration and also in Addendum "F" to the Sales Contract.

Notwithstanding the foregoing, any claims relating to a construction defect shall be governed by the provisions of Chapter 672E of the Hawaii Revised Statutes. CHAPTER 672E OF THE HAWAII REVISED STATUTES CONTAINS IMPORTANT REQUIREMENTS BUYER MUST FOLLOW BEFORE BUYER MAY FILE AN ACTION FOR DEFECTIVE CONSTRUCTION AGAINST THE GENERAL CONTRACTOR WHO DESIGNED, REPAIRED OR CONSTRUCTED BUYER'S APARTMENT OR FACILITY. NINETY DAYS BEFORE BUYER FILES AN ACTION, INCLUDING AN ARBITRATION CLAIM, BUYER MUST SERVE ON THE CONTRACTOR A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS BUYER ALLEGES ARE DEFECTIVE. UNDER THE LAW, A CONTRACTOR HAS THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR AND/OR PAY FOR THE DEFECTS. BUYER IS NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY A CONTRACTOR. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER THE LAW, AND FAILURE TO FOLLOW THEM MAY NEGATIVELY AFFECT BUYER'S ABILITY TO FILE AN ACTION.

9. If purchaser dies (any one of them) prior to closing, Developer has the right to return purchaser's funds, less any escrow cancellation fees and cost, and cancel the Sales Contract.

10. Provides that the closing cost shall be paid as follows:

a. By purchaser: title insurance, title report, drafting of unit deed and any note and mortgage, purchaser notary fees, recording fees, one-half of escrow fees, and also a start-up fee for common expenses, if any.

b. By Developer: Developer notary fees, conveyance taxes and one-half of escrow fees.

11. Provides the following remedies, in the event of default under the Sales Contract:

a. by Purchaser:

1. Developer may bring an action against purchaser for breach of contract;
2. Developer may retain initial deposit;
3. Purchaser shall be responsible for expenses incurred.

b. by Developer:

1. Purchaser may bring an action against Developer for breach of Contract and for return of all deposits;
2. Developer shall be responsible for expenses incurred.

c. Any awards to the prevailing party in any action are subordinate to escrow's expenses.

12. Provides that purchaser may not assign his/her interest in the Sales Contract without the prior written consent of Developer and HHFDC. The purchaser is responsible for the cost of any appraisal required by HHFDC.

13. Provides that the Buyer has the right to rescind the Sales Contract in certain instances. They include:

a. Buyer having 30 days to cancel the Sales Contract from the date of receiving the Developer's Public Report and certain project documents;

b. If a Material Change occurs after Buyer's Sales Contract has become binding (See Section 514B-3, HRS for definition of Material Change); and

c. Seller fails to complete the Unit by the Completion Deadline provided for in the Sales Contract.

The Sales Contract contains various other provisions in detail which purchaser should become acquainted with. If there is a conflict between the terms of this summary and the Sales Contract, the latter shall control.

EXHIBIT "E"

Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the deposits which a purchaser makes under a Sales Contract will be held by a neutral third party ("Escrow"). Escrow is Title Guaranty Escrow Services, Inc. Under the Escrow Agreement dated April 13, 2012, as amended, these things will or may happen:

(a) Developer or Escrow will let purchasers know when payments are due and all monies received from a purchaser will be deposited in Escrow. Any interest earned on the deposits will belong to Developer.

(b) Escrow will arrange for purchasers to sign all necessary documents.

(c) The Escrow Agreement specifies when purchaser funds may be disbursed upon closing of a sale. The conditions include:

i) Escrow receives the purchasers' signed "Receipt for Public Report(s) and Notice of Right to Cancel";

ii) Escrow receives a certification from the Developer that the Sales Contract is effective and that the rescission right requirements in favor of purchasers have been complied with by the Developer; and

iii) The unit deed conveying the unit to the purchaser has been recorded in the Bureau of Conveyances.

iv) Escrow received purchasers certificate of completion of homeownership counseling program;

v) Escrow received all documents executed by both buyer and seller.

(d) The Escrow Agreement says under what conditions a refund will be made to a purchaser. Refunds can occur under the following situations:

i) If Purchaser elects to cancel the transaction in accordance with the "Receipt for the Public Report and Notice of Right to Cancel". The Receipt provides that purchasers may cancel the Sales Contract and purchaser is the Receipt is mailed or delivered to Developer before (1) the unit is conveyed to purchaser or (2) midnight of the 30th day after delivery of the Public Report(s) to me, whichever is earlier.

ii) The Developer and purchaser agree to terminate the Sales Contract;

iii) If the Developer exercises any right to cancel the transaction which it may have reserved;

NOTE: If a transaction is cancelled, the purchaser must return all documents to the Developer.

(e) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the Sales Contract. If a purchaser defaults, all deposits previously placed into Escrow will be forfeited by purchaser and Escrow may release such funds to Developer. See paragraph 11 of Escrow Agreement.

The Escrow Agreement contains various other provisions in detail and establishes certain charges with which the purchaser should become acquainted. If there are any conflicts between the terms of this summary and the Escrow Agreement, the latter shall control.

EXHIBIT "F"

I, RICHARD JOHN MARTIN, as the Manager of Green Homes, LLC, a Hawaii limited liability company, the Developer for the Green Homes at Lualualei condominium project, hereby certify that the estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared by Certified Hawaii of Certified Management, Inc., the initial managing agent, in accordance with generally accepted accounting principles.

Based on the attached budget, monthly estimated maintenance fee assessments per unit is \$85.60 (\$1,027.20 per year).

The Developer may require that monthly maintenance fee collections commence upon the closing of the unit purchase or may delay the actual commencement of collection to a later date. If monthly maintenance fee collection is delayed then a purchaser will receive 30 days prior written notice before the monthly collections will be commenced.


Signature

November 12, 2013

Date

(*)The Developer discloses that it has not conducted a reserve study in accordance with §514B-148 (a)(4), HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended. Pursuant to §514B-148(b), HRS, a new association need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

EXHIBIT "F"

(Maintenance Fee Budget)

Project No: _____

GREEN HOMES AT LUALUALEI

SUB-ACCOUNT WORKSHEET for REVENUES/EXPENSES - MONTHLY BUDGET ANALYSIS
(for all budget input)

Approved budget to be effective on: January 1, 2013
(First Month of Year) 1, 2010

Prepared By: _____ Certified Hawaii

Revised Date: 12/31/12

Approved 2013 Monthly Budget	Approved 2013 Annual Budget
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REVENUES:

40100-00-402 FEES, DUES & RECEIPTS
Community Association Dues

2,140	25,680
2,140	25,680

TOTAL FEES, DUES & RECEIPTS

40100-00-446 TAXABLE INCOME
Architectural Review Fees
40100-00-825 Sewer Fees
40100-00-826 Water Meter Reimbursement

50	600
1,950	23,400
2,700	32,400
4,700	56,400

TOTAL TAXABLE INCOME

TOTAL REVENUES	\$6,840	\$82,080
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EXPENSES:

OPERATING EXPENSES:

OPERATING EXPENSES(Cont'd):

70300-00-704 ADMINISTRATIVE
Education/Subscriptions
70300-00-738 Board Meeting Expense
70300-00-749 Postage & Shipping
70300-00-754 Annual Meeting Expense
70300-00-771 Admin Services/Supplies

10	120
10	120
30	360
40	480
45	540
135	1,620

TOTAL ADMINISTRATIVE

70800-00-758 PROPERTY MANAGEMENT
Full Service

450	5,400
450	5,400

TOTAL PROPERTY MANAGEMENT

70900-00-763 LEGAL
Legal Fees - Common Expense

50	600
50	600

TOTAL LEGAL

Project No: _____

GREEN HOMES AT LUALUALEI

SUB-ACCOUNT WORKSHEET for REVENUES/EXPENSES - MONTHLY BUDGET ANALYSIS

(for all budget input)

Approved budget to be effective on: January 1, 2013
(First Month of Year) 1, 2010

Prepared By: _____ Certified Hawaii

Revised Date: 12/31/12

Approved 2013 Monthly Budget	Approved 2013 Annual Budget
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COVENANTS

71050-00-000 Covenants Compliance Inspection
TOTAL COVENANTS

100	1,200
100	1,200

OTHER PROFESSIONAL FEES

71100-00-764 Accounting Fees - Audit/Tax -
TOTAL OTHER PROFESSIONAL FEES

60	720
60	720

ELECTRICITY

71200-00-763 Electricity-Common
TOTAL ELECTRICITY

-	-
-	-

WATER - COMMON AREA

71300-00-765 Water, Residential Units
71300-00-862 Water, Meter Reading Service
TOTAL WATER

2,700	32,400
175	2,100
2,875	34,500

SEWER

71350-00-765 Sewer, Residential Units
TOTAL SEWER

1,950	23,400
1,950	23,400

REPAIRS & MAINTENANCE

72100-00-774 R&M, Grounds
72100-00-804 R&M, Irrigation
72100-00-808 R&M, Fire Equipment (3 fire hydran
72100-00-819 R&M, Lighting
TOTAL MAINTENANCE

10	120
10	120
50	600
10	120
80	960

TAXES

72500-00-790 General Excise Tax
TOTAL TAXES

221	2,652
221	2,652

Project No: _____

GREEN HOMES AT LUALUALEI

SUB-ACCOUNT WORKSHEET for REVENUES/EXPENSES - MONTHLY BUDGET ANALYSIS

(for all budget input)

Approved budget to be effective on: January 1, 2013
(First Month of Year) 1, 2010

Prepared By: _____ Certified Hawaii

Revised Date: 12/31/12

		Approved 2013 Monthly Budget	Approved 2013 Annual Budget
INSURANCE			
72700-00-064	Fidelity Bond	40	480
72700-00-065	Commercial Package Policy	225	2,700
72700-00-071	Umbrella	39	468
72700-00-072	Directors & Officers	67	804
72700-00-077	Commercial General Liability	45	540
72700-00-719	Service Charge	3	36
TOTAL INSURANCE		419	5,028

TOTAL OPERATING EXPENSES	\$6,340	\$76,080
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TOTAL NON-OPERATING EXPENSES	\$0	\$0
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TOTAL EXPENSES	\$6,340	\$76,080
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NET INCOME BEFORE RESERVE FUND TRANSFERS	\$500	\$6,000
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OPERATING RESERVE FUND TRANSFERS:

REPLACEMENT RESERVE FUND TRANSFERS:

TRANSFER TO RESERVES			
36290-00-900	To Reserve - General Fund	500	6,000
37290-00-799	TOTAL TRANSFER TO RESERVES	500	6,000

NET RESERVE FUND TRANSFERS (Replacement and Operating)	(500)	(6,000)
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NET INCOME AFTER RESERVE FUND TRANSFERS	\$0.00	\$0.00
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PROJECT NUMBER: 302

MAINTENANCE FEE ANALYSIS FOR: GREEN HOMES AT LUALUALEI

Approved budget to be effective on: January 1, 2013

Prepared By: Certified Hawaii

Unit Type	Percent Common Interest	Number Of Units	Monthly Maint Fee Per Unit	Annual Maint Fee Per Unit
1	4.000000	25	85.60	1,027.20
TOTALS	<u>100.0000%</u>	<u>25</u>		

EXHIBIT "G-1"

HHFDC'S USE, SALE AND TRANSFER RESTRICTIONS

Section 201H-47, Hawaii Revised Statutes - Real Property; restrictions on transfer; waiver of restrictions.

(a) The following restrictions shall apply to the transfer of real property developed and sold under this chapter, whether in fee simple or leasehold:

- (1) For a period of ten years after the purchase, whether by lease, assignment of lease, deed, or agreement of sale, if the purchaser wishes to transfer title to the real property, the Hawaii Housing Finance and Development Corporation ("corporation") shall have the first option to purchase the real property at a price that shall not exceed the sum of:
 - (A) The original cost to the purchaser, as defined in rules adopted by the corporation;
 - (B) The cost of any improvements added by the purchaser, as defined in rules adopted by the corporation; and
 - (C) Simple interest on the original cost and capital improvements to the purchaser at the rate of one percent a year.

(2) The corporation may purchase the real property either:

- (A) By conveyance free and clear of all mortgages and liens; or
- (B) By conveyance subject to existing mortgages and liens.

If the real property is conveyed in the manner provided in subparagraph (A), it shall be conveyed to the corporation only after all mortgages and liens are released. If the real property is conveyed in the manner provided in subparagraph (B), the corporation shall acquire the property subject to any first mortgage created for the purpose of securing the payment of a loan of funds expended solely for the purchase of the real property by the seller; and any mortgage or lien created for any other purpose provided that the corporation has previously consented to it in writing.

The corporation's interest created by this section shall constitute a statutory lien on the real property and shall be superior to any other mortgage or lien except for:

- (i) Any first mortgage created for the purpose of securing the payment of a loan of funds expended solely for the purchase of the real property by the seller;
- (ii) Any mortgage insured or held by a federal housing agency; and
- (iii) Any mortgage or lien created for any other purpose, provided that the corporation has previously consented to it in writing.

The amount paid by the corporation to the seller shall be the difference, if any, between the purchase price determined by paragraph (1)(A) to (C), and the total of the outstanding principal balances of the mortgages and liens assumed by the corporation.

- (3) A purchaser may refinance real property developed and sold under this chapter; provided that the purchaser shall not refinance the real property, within ten years from the date of purchase, for an amount in excess of the purchase price as determined by paragraph (1)(A) to (C); provided further that the purchaser shall obtain the corporation's written consent if any restriction on the transfer of the real property remains applicable;
- (4) After the end of the tenth year from the date of initial purchase, or execution of an agreement of sale, the purchaser may sell the real property and sell or assign the property free from any price restrictions; provided that the purchaser shall be required to pay to the corporation the sum of:
 - (A) The balance of any mortgage note, agreement of sale, or other amount owing to the corporation;
 - (B) Any subsidy or deferred sales price made by the corporation in the acquisition, development, construction, and sale of the real property, and any other amount expended by the corporation not counted as cost under Section 201H-45 but charged to the real property by good accounting practice as determined by the corporation whose books shall be prima facie evidence of the correctness of the costs;

- (C) Interest on the subsidy or deferred sales price, if applicable, and any other amount expended at the rate of seven per cent a year computed as to the subsidy or deferred sales price, if applicable, from the date of purchase, or execution of the agreement of sale, and as to any amount expended, from the date of expenditure; provided that the computed interest shall not extend beyond thirty years from the date of purchase, or execution of the agreement of sale, of the real property; and provided further that if any proposed sale or transfer will not generate an amount sufficient to pay the corporation the sum as computed under this paragraph, the corporation shall have the first option to purchase the real property at a price which shall not exceed the sum as computed under paragraph (1) and (2); and
- (D) The corporation's share of appreciation in the real property as determined under rules adopted pursuant to chapter 91 when applicable;
- (5) Notwithstanding any provision in this section to the contrary, pursuant to rules adopted by the corporation, the subsidy or deferred sales price described in paragraph (4)(B) and any interest accrued pursuant to subsection (4)(C) may be paid, in part or in full, at any time; and
- (6) Notwithstanding any provision in this section to the contrary, the corporation's share of appreciation in the real property described in paragraph (4) (D):
 - (A) Shall apply when the sales price of the real property that is developed and sold under this chapter is less than the then-current, unencumbered, fair market value of the real property as determined by a real property appraisal obtained prior to the closing of the sale;
 - (B) Shall be a restriction that runs with the land until it is paid in full and released by the corporation, or extinguished pursuant to subsection (e); and
 - (C) May be paid, in part or in full, at any time after recordation of the sale.
- (b) For a period of ten years after the purchase, whether by lease, assignment of lease, deed, or agreement of sale, if the purchaser wishes to transfer title to the real property, and if the corporation does not exercise the option to purchase the real property as provided in subsection (a), then the corporation shall require the purchaser to sell the real property to a "qualified resident" as defined in section 201H-32, and upon the terms that preserve the intent of this section and sections 201H-49 and 201H-50, and in accordance with rules adopted by the corporation.
- (c) The corporation may waive the restrictions prescribed in subsection (a) or (b) if:
 - (1) The purchaser wishes to transfer title to the real property by devise or through the laws of descent to a family member who would otherwise qualify under rules established by the corporation; or
 - (2) The sale or transfer of the real property would be at a price and upon terms that preserve the intent of this section without the necessity of the State repurchasing the real property; provided that, in this case, the purchaser shall sell the real property and sell or assign the real property to a person who is a "qualified resident" as defined in Section 201H-32; and provided further that the purchaser shall pay to the corporation its share of appreciation in the real property as determined in rules adopted pursuant to chapter 91 when applicable.
- (d) The corporation may release the restrictions prescribed in subsection (a) or (b) if the real property is financed under a federally subsidized mortgage program and the restrictions would jeopardize the federal government's ability to recapture any interest credit subsidies provided to the homeowner.
- (e) The restrictions prescribed in this section and sections 201H-49 to 201H-51 shall be automatically extinguished and shall not attach in subsequent transfers of title when a mortgage holder or other party becomes the owner of the real property pursuant to a mortgage foreclosure, foreclosure under power of sale, or a conveyance in lieu of foreclosure after a foreclosure action is commenced; provided that the mortgage is the initial purchase money mortgage, or that the corporation consented to and agreed to subordinate the restrictions to the mortgage when originated, if the mortgage is not the initial purchase money mortgage; or when a mortgage is assigned to a federal housing agency. Any law to the contrary notwithstanding, a mortgagee

under a mortgage covering real property or leasehold interest encumbered by the first option to purchase in favor of the corporation, prior to commencing mortgage foreclosure proceedings, shall notify the corporation in writing of:

- (1) Any default of the mortgagor under the mortgage within ninety days after the occurrence of the default, and
- (2) Any intention of the mortgagee to foreclose the mortgage under chapter 667 forty-five days prior to commencing mortgage foreclosure proceedings;

provided that the mortgagee's failure to provide written notice to the corporation shall not affect the holder's rights under the mortgage. The corporation shall be a party to any foreclosure action, and shall be entitled to its share of appreciation in the real property as determined under this chapter in lien priority when the payment is applicable, and if foreclosure occurs within the ten-year period after the purchase, the corporation shall also be entitled to all proceeds remaining in excess of all customary and actual costs and expenses of transfer pursuant to default, including liens and encumbrances of record; provided that the person in default shall be entitled to an amount that shall not exceed the sum of amounts determined pursuant to subsection (a)(1)(B) and (C).

- (f) The provisions of this section shall be incorporated in any deed, lease, agreement of sale, or any other instrument of conveyance issued by the corporation. In any sale by the corporation of real property for which a subsidy or deferred sales price was made by the corporation, the amount of the subsidy or deferred sales price described in subsection (a)(4)(B), a description of the cost items that constitute the subsidy or deferred sales price, and the conditions of the subsidy or deferred sales price shall be clearly stated at the beginning of the contract document issued by the corporation. In any sale in which the corporation's share of appreciation in real property is a restriction, the terms of the shared appreciation equity program shall be clearly stated and included as an exhibit in any deed, lease, agreement of sale, or any other instrument of conveyance.
- (g) This section need not apply to market-priced units in an economically integrated housing project, except as otherwise determined by the developer of the units; provided that preference shall be given to qualified residents in the initial sale of market-priced units.
- (h) The corporation is authorized to waive any of the restrictions set forth in this section in order to comply with or conform to requirements set forth in federal laws or regulations governing mortgage insurance or guarantee programs or requirements set forth by federally chartered secondary mortgage market participants.

Section 201H-48, Hawaii Revised Statutes - Exception of current owners in corporation projects.

The corporation may allow a person who is a current owner of a multi-family dwelling unit in a project sponsored by the corporation to apply for the purchase of a larger dwelling unit in a project sponsored by the corporation if the applicant's current family size exceeds the permissible family size for the applicant's current dwelling unit, as determined by prevailing county building or housing codes. The applicant shall be required to sell the applicant's current dwelling unit back to the corporation. Notwithstanding any law to the contrary, any applicant, as it pertains to for-sale housing, shall be a "qualified resident" who:

- (1) Is a citizen of the United States or a resident alien;
- (2) Is at least eighteen years of age;
- (3) Is domiciled in the State and shall physically reside in the dwelling unit purchased under this chapter;
- (4) In the case of purchase of real property in fee simple or leasehold, has a gross income sufficient to qualify for the loan to finance the purchase; and
- (5) Except for the applicant's current residence, meets the following qualifications:
 - (A) Is a person who either oneself or together with the person's spouse or a household member, does not own a majority interest in fee simple or leasehold lands suitable for dwelling purposes, or a majority interest in lands under any trust agreement or other fiduciary arrangement in which another person holds the legal title to the land; and
 - (B) Is a person whose spouse or a household member does not own a majority interest in fee simple or leasehold lands suitable for dwelling purposes, or a

majority interest in lands under any trust agreement or other fiduciary arrangement in which another person holds the legal title to such land, except when husband and wife are living apart under a decree of separation from bed and board issued by the family court pursuant to section 580-71.

Section 201H-49, Hawaii Revised Statutes - Real Property; restrictions on use.

- (a) Real property purchased under this chapter shall be occupied by the purchaser at all times during the ten-year restriction period set forth in section 201H-47, except in hardship circumstances where the inability to reside on the property arises out of unforeseeable job or military transfer, a temporary educational sabbatical, serious illness of the person, or in other hardship circumstances as determined by the corporation on a case-by-case basis.

The corporation may waive the owner-occupancy requirement for a total of not more than ten years after the purchase of the dwelling, during which time the dwelling unit may be rented or leased. Waivers may be granted only to qualified residents who have paid resident state income taxes during all years in which they occupied the dwelling, who continue to pay resident state income taxes during the waiver period, and whose inability to reside on the property does not stem from a natural disaster. The ten year owner-occupancy requirement shall be extended by one month for every month or fraction thereof that the owner-occupancy requirement is waived.

The corporation shall adopt rules under chapter 91 to implement the letter and spirit of this subsection and to prescribe necessary terms and conditions. The rules shall include:

- (1) Application and approval procedures for the waivers;
- (2) Exceptions authorized by this subsection;
- (3) The amounts of rents that may be charged by persons allowed to rent or lease a dwelling unit; and
- (4) Schedules of fees needed to cover administrative expenses and attorney's fees.

No qualified resident who fails to reoccupy a dwelling unit after any waiver period shall receive more than the maximum to which the person would be entitled under section 201H-47. Any person who disagrees with the corporation's determination under this section shall be entitled to a contested case proceeding under chapter 91.

- (b) From time to time the corporation may submit a verification of owner-occupancy form to the purchaser. Failure to respond to the verification in a timely manner or violation of subsection (a) shall be sufficient reason for the corporation, at its option, to purchase the unit as provided in subsection 201H-47(a)(1), (2), or (4), as applicable.
- (c) Any deed, lease, agreement of sale, or other instrument of conveyance issued by the corporation shall expressly contain the restrictions on use prescribed in this section.
- (d) The restrictions prescribed in subsection (a) shall terminate and shall not attach in subsequent transfers of title if the corporation releases the restrictions when the real property is financed under a federally subsidized mortgage program.
- (e) Subsections (a) to (c) need not apply to market-priced units in an economically integrated housing project, except as otherwise determined by the developer of the units; provided that preference shall be given to qualified residents in the initial sale of market-priced units.
- (f) The corporation shall be authorized to waive any of the restrictions set forth in this section in order to comply with or conform to requirements set forth in federal laws or regulations governing mortgage insurance or guarantee programs or requirements set forth by federally chartered secondary mortgage market participants.

Section 201H-50, Hawaii Revised Statutes - Restrictions on use, sale, and transfer of real property; effect of amendment or repeal.

- (a) Restrictions on the use, sale, and transfer of real property shall be made as uniform as possible in application to purchasers of all real property, and restrictions shall be conformed with agreement of the purchaser to reflect change or repeal made by any subsequent legislative act, ordinance, rule, or regulation. Purchasers shall be permitted at their election to sell or transfer real property subject to restrictions in effect at the time of their sale or transfer; provided that the corporation is paid its share of appreciation in the real property as determined by rules adopted pursuant to chapter 91, as applicable.

- (b) The corporation, any department of the State, or any county housing agency maintaining restrictions, through contract, deed, other instrument, or by rule, shall notify purchasers of any substantial change in restrictions made by law, ordinance, rule, or regulation not more than one hundred eighty days after a change in restrictions, and the notice shall clearly state the enacted or proposed new provisions, the date or dates upon which they are to be effective, and offer to each purchaser of real property constructed and sold prior to the effective date an opportunity to modify the existing contract or other instrument to incorporate the most recent provisions. The public notice shall be given at least three times, in a newspaper of general circulation, in the State for state agencies and at least three times in a county newspaper for county agencies.
- (c) For all purchasers of real property prior to June 25, 1990, where the restrictions on use and transfer of property apply for a period of time, the period of time shall not be increased beyond the date calculated from the date of original purchase.
- (d) No purchaser shall be entitled to modify the restrictions on use, transfer, or sale of the real property, without the written permission of the holder of a duly-recorded first mortgage on the dwelling unit and the owner of the fee simple or leasehold interest in the land underlying the unit, unless the holder of the first mortgage or the owner is an agency of the State or its political subdivisions.
- (e) This section shall apply to all real property developed, constructed, and sold pursuant to this chapter and similar programs in the State or its political subdivisions and which are sold on the condition that the purchaser accepts restrictions on the use, sale, or transfer of interest in the real property purchased.
- (f) The provisions of this section shall be incorporated in any deed, lease, instrument, rule, or regulation relating to restrictions on use, sale, or transfer of dwelling units, entered into after June 20, 1977.
- (g) The restrictions of this section shall terminate as to a particular real property and shall not attach in subsequent transfers of title of that real property if the corporation releases the restrictions when the real property is financed under a federally subsidized mortgage program.

Section 201H-51, Hawaii Revised Statutes - Corporation's right to repurchase or rent real property; authority to seek recovery.

- (a) Notwithstanding any provisions to the contrary, during the period in which the restrictions in section 201H-47 are in effect, the following provisions shall apply when dwelling units developed, constructed, financed, purchased, or sold pursuant to Act 105, Session Laws of Hawaii 1970, as amended, are found to have a substantial construction defect, or when vacant lands developed, financed, purchased, or sold pursuant to Act 105, Session Laws of Hawaii 1970, as amended, are found to have a substantial soil defect:
 - (1) The corporation shall have the right, but not the obligation, to repurchase a dwelling unit or land which has a defect, regardless of whether or not the owner wishes to sell; provided that such repurchases shall be in accordance with the following provisions:
 - (A) The corporation may repurchase a dwelling unit or land if:
 - (i) The dwelling unit or land is deemed unsafe by the county building department;
 - (ii) The defects are irreparable; or
 - (iii) In the opinion of the corporation, the defect is of such magnitude that it will take longer than a year to repair.
 - (B) The corporation's purchase price shall be based on the formula set forth in Section 201H-47(a)(1);
 - (C) After repairs to the unit or land are completed, the former owner shall have the first right of refusal to repurchase the real property;
 - (D) The corporation shall give preference in all other projects of the corporation to all owners whose real property is repurchased by the corporation under this subsection, and the corporation may waive certain eligibility requirements for these owners; and
 - (E) If the corporation exercises its right to purchase defective real property against an owner's wishes pursuant to this paragraph, the corporation shall provide

238_BB / Effic. 4.30.09 (Act 038)

HHFDC Rev 12.15.09/(DAG-SC 11.24.09)

HUD 2.19.99/VA 10.20.98

FNMA 7.16.99/RHS 12.3.98

*Hawaii Housing Finance and Development Corporation ("corporation")

relocation assistance to that owner as provided in chapter 111;

- (2) If the corporation does not opt to purchase defective real property, the corporation shall also have the right, but not the obligation, to enter into a contract to repair a dwelling unit which has a construction defect or land which has a soil defect. During the period that the real property is being repaired, the corporation shall rent that real property from the owner for an amount not to exceed the owner's present mortgage payments; and
- (3) If the corporation does not execute either a contract to repurchase the real property or an agreement to repair and rent the real property within ninety days after written notice is given to the corporation of a construction defect, the owner may pursue any other available legal remedies.

For the purposes of this subsection, "substantial construction defect" includes but is not necessarily limited to: structural defects such as shifting foundations and bearing walls; structural deficiencies due to the use of defective or undersized materials; and defects affecting the health and safety of occupants; and "substantial soil defect" means shifting, sliding, or sinking ground of such degree as to affect the dwelling unit on the land or the health and safety of the occupants of the land.

- (b) If moneys are expended by the corporation pursuant to subsections (a)(1) and (2), the corporation shall have the authority to take necessary legal action against the developer, co-developer, general contractor, and their subcontractors, consultants, and other parties notwithstanding any provisions to the contrary in chapter 657.
- (c) If real property developed, constructed, financed, purchased, or sold pursuant to Act 105, Session Laws of Hawaii 1970, as amended, is found to have a substantial construction or soil defect, the corporation shall have the right, but not the obligation, to file or cause to be filed a legal action on behalf of or by, the owner or lessee of the real property for the recovery of damages or for injunctive relief against the developer, co-developer, general contractor, and their subcontractors, consultants, and other parties notwithstanding any provisions to the contrary in chapter 657. Additionally, notwithstanding any provision of rule 23 of the Hawaii rules of civil procedure, the corporation may file or cause to be filed a legal action brought under this subsection as a class action on behalf of or by at least two owners or lessees of real property that have similar substantial construction or soil defects.
- (d) Nothing in this chapter shall be construed so as to diminish the rights or remedies of the corporation otherwise provided under common law, by statute or by contract.
- (e) The corporation shall adopt rules pursuant to chapter 91 necessary for the purposes of this section.
- (f) This section shall not apply to a particular real property and shall not apply after subsequent transfers of title of that real property if the corporation releases the restrictions when the real property is financed under a federally subsidized mortgage program.
- (g) If any subsection, sentence, clause, or phrase of this section, or its application to any person or transaction or other circumstances, is for any reason held to be unconstitutional or invalid, the remaining subsections, sentences, clauses, and phrases of this section, or the application of this section to other persons or transactions or circumstances, shall not be affected. The legislature hereby declares that it would have passed this section and each subsection, clause, or phrase thereof, irrespective of the fact that any one or more subsections, sentences, clauses, or phrases of this section, or its application to any person or transaction or other circumstance, be declared unconstitutional or invalid.

EXHIBIT "G-2"

NOTICE AND ACKNOWLEDGEMENT

By signing below, you agree, understand and admit as follows, that:

1. You have read this document.
2. HHFDC's Use, Sale & Transfer Restrictions is more commonly referred to as the "Buyback Program" and will be an encumbrance on the Home you are purchasing as a deed or lease restriction.
3. The real property purchased shall be subject to the Buyback Program. If there are any subsequent changes to this Program, you have an option to adopt the effective change.
4. The real property purchased under this chapter shall be occupied by the purchaser at all times during the Buyback Program under Section 201H-49, Hawaii Revised Statutes (HRS).
5. For a period of ten (10) years after the purchase, the Hawaii Housing Finance and Development Corporation ("HHFDC") shall have the first option to purchase the real property according to Section 201H-47(a)(1), HRS, (the buy-back formula) and not based on current fair-market value of the property.

If you seek to transfer the property, you must notify the HHFDC in writing of such request. The HHFDC will, within sixty (60) days, notify you in writing of its decision to either waive the right to purchase the property or purchase the property. In the event the HHFDC determines that it will purchase the property, the purchase will close within ninety (90) days of such notification, provided that this time limit may be extended if you fail to comply with all of the terms and conditions relating to the purchase procedures.

6. A "qualified resident" means a person who:
 - A. Is a citizen of the United States or a resident alien;
 - B. Is at least eighteen (18) years of age;
 - C. Is domiciled in the State and shall physically reside in the dwelling unit purchased under Chapter 201H, HRS;
 - D. In the case of purchase of real property in fee simple or leasehold, has a gross income sufficient to qualify for the loan to finance the purchase; and
 - E. Meets the following qualifications:
 - (1) Is a person who either oneself, or together with a spouse or household member, does not own a majority interest in fee simple or leasehold lands suitable for dwelling purposes, or more than a majority interest in lands under any trust agreement or other fiduciary arrangement in which another person holds the legal title to such land; and
 - (2) Is a person whose spouse or household member does not own a

238_BB./HHFDC Rev 12.07.09
(DAG-SC 11.24.09)

HRS 2000 CumSupplmt
HUD 2.19.99/VA 10.20.98
FNMA 7.16.99/RHS 12.3.98

Notice & Ack - 1

majority interest in fee simple or leasehold lands suitable for dwelling purposes or a majority interest in lands under any trust agreement or other fiduciary arrangement in which another person holds the legal title to such land, except when husband and wife are living apart under a decree of separation from bed and board issued by the family court pursuant to Section 580-71.

7. The Buyback Program will automatically terminate ten (10) years from the date of purchase or the date the deed or lease is recorded at the Bureau of Conveyances, State of Hawaii. Notwithstanding the termination of the buyback restrictions, HHFDC's right to its share of the appreciation in the property ("SAE Program") shall continue in full force and effect until released by HHFDC. The SAE Program is explained more fully in Exhibit [..].
8. After the end of the tenth (10th) year from the date of recordation, you may sell the real property or assign the property free from the Buyback Program; provided that you shall be required to pay the HHFDC the balance of any mortgage note, agreement of sale, any deferred sales price including interest, HHFDC's share of appreciation in the property or other amount owing to the HHFDC.
9. During the first ten (10) years from the date of purchase, the Buyback Program will limit additional financing which may be secured by the property. The HHFDC will consent to additional financing when:
 - A. The total mortgage amount does not exceed the original sales price paid for the property;
 - B. The total mortgage amount exceeds the original sales price paid for the property and the amount that exceeds the original sales price will be used for the following:
 - (1) Certain property capital improvements;
 - (2) Payment of a subsidy, deferred land value or deferred sales price;
 - (3) Payment of HHFDC's net share of appreciation for the property as required by the SAE Program; or
 - (4) Purchase of HHFDC's leased fee interest for the property.

If the property is also restricted by the SAE Program, the SAE Program will establish the maximum loan amount to which HHFDC will consent. The SAE provides that the total liens and encumbrances secured by the property must not exceed 80% of the sum of your original sales price plus your share of appreciation of the property.

After the end of the Buyback Program, additional financing may be obtained without any limitation on the use of the loan proceeds. But if the property is restricted with the SAE Program, the total loan amount must not exceed the above 80% limit.

In consenting to any additional financing, the HHFDC will work with the lender or mortgage broker you select.

These guidelines are subject to change without notice. Therefore, you must contact the HHFDC for current (re)financing guidelines when you decide to obtain additional financing for the property.

9. You must contact the HHFDC whenever you have any questions regarding the sale or transfer, occupancy requirements, rental or additional financing guidelines for the property.

Hawaii Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, HI 96813
ATTN: Real Estate Services Section
Tel. No.: 587-0511

10. It is recommended you consult with your attorney, estate planner, accountant or financial adviser to discuss any consequences which may affect your personal situation.

Buyer Date

Buyer Date

Buyer Date

Buyer Date

EXHIBIT "G-3"

Hawaii Housing Finance and Development Corporation
ELIGIBILITY REQUIREMENT AFFIDAVIT

Green Homes at Lualualei

State of Hawaii

County of _____

)
) SS
)

Unit/Lot No. _____

(Print Names)

A.

Applicant/Buyer

Applicant's Spouse/Buyer

B.

Applicant/Buyer

Applicant's Spouse/Buyer

C.

Applicant/Buyer

Applicant's Spouse/Buyer

being first duly sworn on oath, deposes and says:

1. That applicant(s) is a citizen of the United States or a permanent resident alien who now resides in the State of Hawaii;
2. That applicant (s) is at least eighteen years of age;
3. That applicant (s) is domiciled in the State of Hawaii and shall physically reside in the property purchased under Chapter 201H, Hawaii Revised Statutes (HRS);
4. That applicant, spouse (unless applicant and spouse are living apart under a family court decree of separation) or household member, either individually or together, does not own a majority interest in fee simple or leasehold residential properties suitable for dwelling purposes or a majority interest in any lands under any trust agreement in which another person holds the legal title to such land;
5. That applicant(s) understands and accepts all of the restrictions of Chapter 201H, Sections 47-51, HRS, on use, sale and transfer of real property;
6. That applicant (s) understands that after the end of the 10th year from the date of purchase, the purchaser may sell the property or assign the property free from any price restrictions; provided that the purchaser shall be required to pay the Hawaii Housing Finance and Development Corporation (HHFDC) the balance of any mortgage note, agreement of sale, any deferred sales price including interest, HHFDC's share of net appreciation in the property or other amount owing to the HHFDC;
7. That applicant (s) understands and accepts all of the terms and conditions including the buyer's percentage share of the Shared Appreciation Equity (SAE) Program;

Exhibit G-3: Eligibility Requirement Affidavit

Project: Green Homes at Lualualei

Unit/Lot No. _____

8. Check box, as applicable:

- ☐ That applicant (s) has **not purchased** a property sponsored by the Hawaii Housing Authority under Chapter 359G, HRS, or sponsored by HFDC under Chapter 201E, HRS, or sponsored by HCDCH under Chapter 201G, HRS, or sponsored by HHFDC under Chapter 201H, HRS;
- ☐ That applicant (s) **has purchased** a property sponsored by the Hawaii Housing Authority under Chapter 359G, HRS, or sponsored by HFDC under Chapter 201E, HRS, or sponsored by HCDCH under Chapter 201G, HRS, or sponsored by HHFDC under Chapter 201H, HRS, and is eligible again under Title 15, Chapter 174, Hawaii Administrative Rules of HHFDC;

9. For Project Preference only, check box, as applicable:

- ☐ That applicant (s) has a HHFDC approved Construction Defect Preference;
- ☐ That applicant (s) has a HHFDC approved Handicap Preference (for multi-family projects only) and that a handicapped person(s) is physically residing with the applicant (or applicant and spouse) now and shall physically reside in the property purchased under Chapter 201H, HRS;
- ☐ That applicant (s) has a HHFDC approved Public Housing Preference and is physically residing in a public housing project administered by the Hawaii Housing Finance and Development Corporation or the Hawaii Public Housing Authority;
- ☐ That applicant (s) has a HHFDC approved Displacement or Relocation Preference;

- 10. That applicant (s) has a **household size** of _____ who shall physically reside in the property purchased under Chapter 201H, HRS;
- 11. That applicant (s) has _____ **dependent(s)** and all household members are related by blood, marriage or operation of law and/or legal custody and shall physically reside in the property purchased under Chapter 201H, HRS;
- 12. That applicant (s) acknowledges that the State income tax return and Federal income tax return submitted to the HHFDC are the true and correct copies.
- 13. The HHFDC is relying on the income information provided, including incomes of other household members, to establish eligibility of the undersigned applicant (s) in meeting the income requirements for the Project;
- 14. That applicant (s) acknowledges that there are no changes in applicant's marital status, household size requirement, family members eligibility, handicap preference, displacement preference, State residency requirements, resident alien requirements or any other change that affects the HHFDC's eligibility and/or preference requirements;
- 15. That applicant (s) makes this affidavit in support of his/her application to purchase a property according to HHFDC eligibility requirements and preference, if any, and qualify under Chapter 201H, HRS and Title 15, Chapter 174, Hawaii Administrative Rules of the HHFDC; and

Exhibit G-3: Eligibility Requirement Affidavit

Project: Green Homes at Lualualei

Unit/Lot No. _____

16. That applicant (s) understands that the statements made in this Affidavit are made under oath and will be relied upon by the HHFDC in its review of the application to purchase. Applicant (s) shall be subject to misdemeanor criminal charges under Hawaii Penal Code, Section 710-1061, HRS, which are punishable by a fine and/or imprisonment and forfeiture of the property purchased, for knowingly making a false statement in this Affidavit.

A. _____
Signature of Applicant Signature of Applicant's Spouse

B. _____
Signature of Applicant Signature of Applicant's Spouse

C. _____
Signature of Applicant Signature of Applicant's Spouse

Date of Contract Signing

THE UNDERSIGNED BUYER(S) HEREBY CERTIFIES THAT BUYERS HAS REVIEWED THE STATEMENTS IN THIS AFFIDAVIT AND AFFIRM THAT ALL STATEMENTS MADE ARE TRUE AND CORRECT AS OF DATE OF ESCROW CLOSING.

A. _____
Signature of Buyer Signature of Buyer's Spouse

B. _____
Signature of Buyer Signature of Buyer's Spouse

C. _____
Signature of Buyer Signature of Buyer's Spouse

Date of Escrow Signing

This _____-page Eligibility Requirement Affidavit for _____
dated _____
was subscribed and sworn to before me
this _____ day of _____
by (signors' name) _____

Notary Name: _____
Notary Public, _____ Judicial Circuit, State of Hawaii
My commission expires: _____

EXHIBIT "H"

Project _____

Project [Model Type/No.]: _____

[Apt./Lot] No. _____

THE HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION'S SHARED-APPRECIATION EQUITY (SAE) PROGRAM

PLEASE READ THIS DOCUMENT CAREFULLY

The [apartment/house and lot] ("Home") which you are purchasing is part of a residential [condominium/subdivision] ("Project") which is being developed by _____ ("Developer") with assistance from the Hawaii Housing Finance and Development Corporation ("HHFDC"). HHFDC provided such assistance to Developer to further the interest of the State of Hawaii by providing affordable housing opportunities to its people.

For the opportunity which HHFDC has created to enable you to purchase the Home for less than its current fair market value, you are agreeing to pay to HHFDC a share of the net appreciation which you realize or are deemed to have realized if and when you sell or transfer the Home.

SUMMARY OF THE SHARED APPRECIATION PROGRAM

This is a summary of HHFDC's Shared Appreciation Program ("Program"). You should read this entire document carefully. The terms which are in quotations (" ") are defined below.

When you purchase the Home, the deed or lease will contain your agreement to pay HHFDC a share of any "Net Appreciation" which you realize or are deemed to have realized if and when you sell or transfer the Home.

This document describes what constitutes a sale or transfer of the Home and how the "Net Appreciation" will be determined.

Based on "Your Original Purchase Price" and the "Original Fair Market Value" for the Home, you will be entitled to _____% of the Net Appreciation, and HHFDC will be entitled to _____% of the Net Appreciation if you should later sell or transfer the Home.

This means, as an example only, that if you should later sell or transfer the Home and realize or are then deemed to have realized a Net appreciation of \$_____, HHFDC's share of the "Net Appreciation" will be _____% of that amount or approximately \$_____.

1. MEANING OF WORDS

- A. "Original Fair Market Value" means the amount of \$_____, which represents the fair market value of the Home (as built but without any additional or upgraded improvements that you may have ordered) as determined by

- () a Federal Housing Administration ("FHA") appraisal
() an appraisal obtained by HHFDC.

- B. "Your Original Purchase Price" means the amount of \$_____, which represents the basic purchase price for which you are purchasing the Home from Developer but which does not include the cost or value of any additional or upgraded improvements that you may have ordered.

If the Original Fair Market Value is based on the appraisal obtained by HHFDC and is higher than the FHA appraisal (if a FHA appraisal is also obtained), you will have the right and option to either (i) complete the purchase of the Home regardless of the difference in the appraisals or (ii) not to complete the purchase of the Home for that reason, any earnest money deposit which you have paid will be returned to you less any actual expenses for which you are responsible to pay and you will not incur any cancellation penalty.

- C. "HHFDC's Percentage Share" means _____%, which represents the percentage that results from the following calculation:

Original Fair Market Value minus Your Original Purchase Price

divided by

Original Fair Market Value

rounded to the nearest one percent.

- D. "Your Percentage Share" means _____% which represents the difference between 100% minus HHFDC's Percentage Share.

FOR FHA GRADUATED MORTGAGE ONLY: If the home was financed with a FHA graduated payment mortgage, any recovery of any accrued negative amortization shall be first collected from the sale of the home, including your share of the net appreciation, and if not fully paid from your proceeds, then any balance due for the negative amortization may be collected from the State's share of the net appreciation.

- E. "Fair Market Value" means the fair market value of the Home as determined by an appraisal obtained and performed in the manner described below in Section 3, if and when you subsequently sell or transfer the Home.

F. "Net Appreciation" means the result of the following calculation:

Fair Market Value of the Home
minus Your Original Purchase Price

2. HHFDC'S SHARE OF THE NET APPRECIATION DUE ON SALE OR TRANSFER OF THE HOME

Except for a "Permitted Transfer", as that term is defined below, you agree that if and when all or any part of or interest in the Home is sold or transferred or if you shall be divested of title or any interest in the Home, in any manner, voluntarily or involuntarily, including a judicial or nonjudicial foreclosure sale, HHFDC will immediately be entitled to be paid a share of the Net Appreciation equal to:

HHFDC's Percentage Share X the Net Appreciation

You agree to give HHFDC written notice as soon as you have reached an agreement or understanding for the sale or transfer of the Home together with the specific terms of such sale or transfer. You shall pay HHFDC's Percentage Share of the Net Appreciation on the effective date of such sale or transfer. If HHFDC's share of the Net Appreciation is not paid when due, interest on HHFDC's share of the Net Appreciation will accrue at the simple annual rate of 12% until paid. In addition, HHFDC will be entitled to be paid reasonable attorneys' fees and costs to enforce its rights hereunder. The obligation to pay HHFDC's share of the Net Appreciation will survive any Permitted Transfer with respect to you and to any person or entity who acquires any interest in the Home as a result of Permitted Transfer.

A sale or transfer of the Home will be deemed to have taken place upon the occurrence of any one of the following events:

- A. When you sell or transfer the Home or any legal or beneficial right, title or ownership interest in the Home, including by way of an agreement of sale or a lease with an option to purchase the Home;
- B. When you no longer use the Home as your principal residence, but continue to retain legal and/or equitable title to the Home; or
- C. When you rent the Home or any part of the Home to someone else, but continue to retain legal and/or equitable title to the Home.

HHFDC may, but is not required to, extend the time by when HHFDC's Share of the Net Appreciation will become due and payable for a period not exceeding one year if the Home is covered by a First Mortgage (as that term is defined below in Section 7, which is insured or held by FHA.

HHFDC may extend the time when HHFDC's Share of Net Appreciation will become due and payable for a period not exceeding a total of ten years if the transfer is temporary and occurs:

- (i) When you no longer use the Home as your principal residence, but continue to retain legal and/or equitable title to the Home; or
- (ii) When you rent the Home or any part of the Home to someone else, but continue to retain legal and/or equitable title to the Home; and

HHFDC determines, in HHFDC's sole discretion, that the temporary transfer is necessary because of adverse circumstances involving you, such as, an unforeseen job or military transfer, a temporary educational sabbatical, a serious illness or other hardship circumstances as determined by the HHFDC. The extension may be provided if you are a qualified resident who pays resident state income taxes during the period you own the Home and will continue to pay resident state income taxes during the temporary extension period. You must notify and obtain HHFDC's consent prior to the temporary transfer. If you fail to reoccupy the Home as your principal residence at the end of the extension period, HHFDC's Share of Net Appreciation will be immediately due and payable.

The following transfers ("Permitted Transfers") will not result in HHFDC's share of the Net Appreciation becoming due and payable. However, you must still notify HHFDC and obtain HHFDC's consent prior to a Permitted Transfer.

- A. The creation of a lien or other encumbrance which does not relate to a transfer of rights of occupancy in the Home provided that the total amount of all liens and other encumbrance which are secured by the Home must not exceed 80% of the sum of
 - (i) Your Original Purchase Price plus
 - (ii) Your Original Percentage Share of the Net Appreciation, as determined by an appraisal obtained by HHFDC at your cost and expense.
 For example, based on the amounts shown in the hypothetical example on page 6 below as Your Original Purchase Price and Your Percentage Share of the Net Appreciation, the total amount of all liens and other encumbrances, including the first mortgage loan cannot exceed \$ 349,600 (which is 80% of the sum of the hypothetical amounts shown as Your Original Purchase Price and Your Percentage Share of the Net Appreciation).
- B. A transfer by devise, descent, or operation of law on the death of a joint tenant or tenant by the entirety;
- C. A transfer to a relative resulting from your death;
- D. A transfer where your spouse or children become an owner of the Home;
- E. A transfer resulting from a decree of dissolution of marriage, legal separation agreement, or from an incidental property settlement agreement, by which your spouse becomes an owner of the Home; and
- F. A transfer into an inter vivos trust in which you are and remain the primary beneficiary and which does not relate to a transfer of rights of occupancy in the Home. This means that you must continue to use the Home as your principal residence after the transfer.

However, if the first mortgage is guaranteed or held by the Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation ("FHLMC"), (i) the foregoing Permitted Transfers may result in your being required to make immediate payment in full of all sums secured by such a first mortgage unless prohibited by federal laws; and (ii) with respect to a transfer described above in (c), (d) and (e), the mortgage may require the transferee to occupy the Home as the transferee's principal residence as a condition for not exercising any right to require you to make immediate payment in full of all sums secured by such a first mortgage.

3. DETERMINATION OF FAIR MARKET VALUE BY APPRAISAL

Whenever it shall become necessary to determine the Net Appreciation, HHFDC will select an appraiser who has any of the qualifications set forth below and who shall prepare a written appraisal of the Fair Market Value of the Home within 45 calendar days after you have given HHFDC written notice that you will be selling or transferring the Home together with the terms of such sale or transfer. The appraisal shall be based on the original floor plan and improvements and lot size when you buy the Home together with the terms of such sale or transfer. The appraisal shall be based on the original floor plan and improvements and lot size when you buy the Home. The appraisal shall not include the value of any improvements which you may have added to the Home after the date of the Deed or Lease. Items of repair and maintenance shall not be considered to be improvements. You will pay the cost of HHFDC's appraisal.

HHFDC will send to you by first class mail a copy of the written appraisal no later than 10 business days after the appraisal has been completed together with a notice informing you that you may procure an independent appraisal within 45 calendar days if you dispute HHFDC's appraisal.

If you do not dispute HHFDC's appraisal, that appraisal will be used to determine the Fair Market Value of the Home. If you dispute HHFDC's appraisal, you may at your own expense procure an appraisal by an independent appraiser who has any of the qualifications set forth below. You must send a copy of your appraisal to HHFDC within the earlier of (i) 10 business days after it has been completed or (ii) 45 calendar days after you have received HHFDC's appraisal. If your appraisal is lower than HHFDC's appraisal, the Fair Market Value of the Home will be taken to be one-half the sum of the two appraisals. If your appraisal is not lower, HHFDC's appraisal will govern.

All appraisals will be made only by an appraiser having one or more of the following qualifications: (i) State of Hawaii licensed appraiser, or (ii) State of Hawaii certified appraiser.

4. CANCELLATION OF HHFDC'S RIGHT TO A SHARE OF THE NET APPRECIATION

Subject to the provisions of Section 7 below, HHFDC's right to be paid a share of the Net Appreciation will continue in full force and effect and will constitute a lien on the Home until one or both of the following events have occurred:

- (i) You have sold or transferred the Home; and
- (ii) HHFDC has been fully paid its share of the Net Appreciation and any other amounts which you are obligated to pay to HHFDC.

Thereafter, HHFDC will sign and cause to be recorded a document which need only be signed by HHFDC and which acknowledges that your obligation to pay HHFDC a share of the Net Appreciation has been fully satisfied.

5. SALE OR TRANSFER OF THE HOME TO HHFDC PURSUANT TO THE HAWAII REVISED STATUTES, SECTION 201H-47

The provisions of the Program will not apply if HHFDC exercises, pursuant to Hawaii Revised Statutes Section 201H-47, HHFDC's first option to purchase the Home during the restriction period after you have purchased the Home. HHFDC's first option is described in Section I of Exhibit "B".

If you elect to pay all or any part of HHFDC's share of Net Appreciation in advance without having to sell or transfer the Home and HHFDC exercises its option to purchase the Home, all funds received by HHFDC will be reimbursed to you with no interest.

6. PAYMENT OF HHFDC'S PERCENTAGE SHARE OF NET APPRECIATION IN ADVANCE

You may elect to pay all or any part of HHFDC's share of the Net Appreciation at any time and in advance without having to sell or transfer the Home. If you pay only a part of HHFDC's share of the Net Appreciation in advance, Your Original Purchase Price will be increased after the payment has been made for the purpose of making any later calculation to determine the balance of HHFDC's share of the Net Appreciation. Your original Purchase Price, as increased, will be referred to as "Your Adjusted Purchase Price", which will be equal to the sum of:

Your Original Purchase Price
plus Partial Payment Amount divided by HHFDC's Percentage Share
plus Any prior increase(s) to Your Original Purchase Price

Your Adjusted Purchase Price will be substituted for the "Your Original Purchase Price" for any subsequent calculation of the Net Appreciation Under Section 1, F above.

7. FIRST MORTGAGEE PROTECTION

The foregoing provisions shall not apply with respect to:

- A. The first purchase money mortgage ("First Mortgage"), if any, which is being placed on the Home to enable you to finance the purchase of the Home.
- B. The first purchase money mortgagee ("First Mortgagee") named in the First Mortgage, including the first purchase money mortgagee's successors and assigns.

- C. The rights of the First Mortgagee to foreclose or take title pursuant to the remedies in the First Mortgage, to accept a deed in lieu of foreclosure in the event of your default, as mortgagor under the First Mortgage, or to sell or lease the Home acquired by the First Mortgagee.
- D. Any person or persons acquiring the Home as a result of foreclosure or by a deed in lieu of foreclosure of the First Mortgage or any successor, transferee, or assignee of such person or persons.

You must provide notice to HHFDC of the First Mortgage and to cause the holder of the First Mortgage to provide written notice to HHFDC of any default under the First Mortgage. However, if the First Mortgage is (i) insured or held by FHA or (ii) guaranteed or held by FNMA or FHLMC, your failure to cause the holder of the First Mortgage to provide written notice to HHFDC of any default under the First Mortgage or any failure of the holder of the First Mortgage to provide such written notice shall not affect such holder's rights under this paragraph 7.

HHFDC will subordinate any lien or contingent lien rights that HHFDC may have under the program to the lien of the First Mortgage. Any holder of the First Mortgage or any person who acquires legal title to the home as a result of a foreclosure or a deed in lieu of foreclosure of the First Mortgage shall acquire legal title free of such lien or contingent lien rights that HHFDC may have under the program. The provisions of the program shall be null and void upon a conveyance of the Home through a foreclosure sale or a deed in lieu of foreclosure.

8. TAX CONSEQUENCES

The program may have income tax or estate planning consequences depending upon your personal financial and tax situation. For further information, you should consult with your own accountant, attorney, or other financial adviser and discuss any tax consequences which might affect you.

9. HYPOTHETICAL EXAMPLE AND WORKSHEET

A. Hypothetical Example: The following is a hypothetical example of how the Program works. The amounts for the following (i) Original Fair Market, (ii) Your Original Purchase Price, and (iii) Fair Market Value are only assumptions. The example assumes that the price for which you sell the Home is equal to the Fair Market Value of the Home.

(1)	Original Fair Market Value	\$350,000
(2)	Your Original Purchase Price	325,000
(3)	HHFDC's Percentage Share	7%
	$\frac{\$350,000}{\text{Original Fair Market Value [A. (1)]}} - \frac{\$325,000}{\text{Your Original Purchase Price [A. (2)]}} = \frac{\$25,000}{\text{Equity}} \text{ divided by } \frac{\$350,000}{\text{Original Fair Market Value [A. (1)]}}$	
(4)	Your Percentage Share	93%
	100% - 7% (HHFDC Percent Share [A.(3)])	
(5)	Fair Market Value (at subsequent sale or transfer)	\$350,000
(6)	Net Appreciation	25,000
	$\frac{\$350,000}{\text{Fair Market Value of the Home ([A. (5)])}} - \frac{\$325,000}{\text{Your Original Purchase Price ([A. (2)])}}$	
(7)	HHFDC's Share of the Net Appreciation	1,750
	$\frac{7\%}{\text{HHFDC's \% Share ([A.(3)])}} \times \frac{\$25,000}{\text{Net Appreciation ([A.(6)])}}$	
(8)	Your Share of the Net Appreciation	23,250
	$\frac{93\%}{\text{Your \% Share ([A.(4)])}} \times \frac{\$25,000}{\text{Net Appreciation ([A.(6)])}}$	

If you made a partial payment of \$1,000 toward HHFDC's share of the Net Appreciation, in advance:

(9)	Your Adjusted Purchase Price would be	315,000
	$\frac{\$325,000}{\text{Your Original Purchase Price ([A. (2)])}} + \frac{\$14,285.71}{\text{Your prepayment amount of \$1,000 + 7\% (HHFDC's \%Share) ([A. (3)])}}$	
(10)	Net Appreciation (If you later sell)	25,000
	$\frac{\$350,000}{\text{Fair Market Value of the Home ([A. (5)])}} - \frac{\$325,000}{\text{Your Adjusted Purchase Price ([A. (9)])}}$	
(11)	HHFDC's Share of the Net Appreciation	\$1,750
	$\frac{7\%}{\text{HHFDC's \% Share ([A.(3)])}} \times \frac{\$5,000}{\text{Net Appreciation ([A.(10)])}}$	

B. Worksheet:

You can use the following worksheet to see how the Shared Appreciation Program works. To do so, you must estimate the amounts for the following items: (i) Original Fair Market, (ii) Your Original Purchase Price, and (iii) Fair Market Value. Assume that the price for which you sell the Home is equal to the Fair Market Value of the Home.

(1)	Original Fair Market Value	\$ _____
(2)	Your Original Purchase Price	\$ _____
(3)	HHFDC's Percentage Share	_____ %
	$\frac{\$350,000}{\text{Original Fair Market Value [A. (1)]}} - \frac{\$325,000}{\text{Your Original Purchase Price [A. (2)]}} = \frac{\$25,000}{\text{Equity}} \text{ divided by } \frac{\$350,000}{\text{Original Fair Market Value [A. (1)]}}$	
(4)	Your Percentage Share	_____ %
	100% - 7% (HHFDC Percent Share [A.(3)])	
(5)	Fair Market Value (at subsequent sale or transfer)	\$ _____
(6)	Net Appreciation	\$ _____
	$\frac{\$350,000}{\text{Fair Market Value of the Home [A. (5)]}} - \frac{\$325,000}{\text{Your Original Purchase Price [A. (2)]}}$	
(7)	HHFDC's Share of the Net Appreciation	\$ _____
	$\frac{7\%}{\text{HHFDC's \% Share [A.(3)]}} \times \frac{\$25,000}{\text{Net Appreciation [A.(6)]}}$	
(8)	Your Share of the Net Appreciation	\$ _____
	$\frac{93\%}{\text{Your \% Share [A.(4)]}} \times \frac{\$25,000}{\text{Net Appreciation [A.(6)]}}$	
If you made a partial payment of \$1,000 toward HHFDC's share of the Net Appreciation, in advance:		
(9)	Your Adjusted Purchase Price would be	\$ _____
	$\frac{\$325,000}{\text{Your Original Purchase Price [A. (2)]}} + \frac{\$14,285.71}{\text{Your prepayment amount of \$1,000 } \div \text{ 7\% (HHFDC's \%Share) [A. (3)]}}$	
(10)	Net Appreciation (if you later sell)	\$ _____
	$\frac{\$350,000}{\text{Fair Market Value of the Home [A. (5)]}} - \frac{\$325,000}{\text{Your Adjusted Purchase Price [A. (9)]}}$	
(11)	HHFDC's Share of the Net Appreciation	\$ _____
	$\frac{7\%}{\text{HHFDC's \% Share [A.(3)]}} \times \frac{\$5,000}{\text{Net Appreciation [A.(10)]}}$	

10. NOTICE AND ACKNOWLEDGEMENT

By signing below, you agree and admit as follows:

- A. You have read this document.
- B. You understand that the Home you are purchasing will be encumbered by the Shared Appreciation Equity (SAE) Program as a deed or lease restriction that runs with the land until it is paid in full and released by HHFDC, or extinguished pursuant to specific foreclosure circumstances set forth in HRS 201H-47(e).
- C. You understand that the SAE Program shall apply when the sales price of the real property that is developed and sold under this chapter is less than the then-current, unencumbered, fair market value of the real property as determined by a real property appraisal obtained by HHFDC prior to the closing of the sale.
- D. You understand that you may pay HHFDC its share of the Net Appreciation in the Home, in part or in full, at any time after recordation of the sale.
- E. You understand that if you sell or transfer the Home, HHFDC must be paid immediately, its share of the net appreciation in the Home. If HHFDC is not paid when due, interest will accrue on the amount owed to HHFDC and HHFDC may take legal action which may result in the foreclosure sale of the Home.

You understand that a sale or transfer of the Home is or will be deemed to have taken place when you: (1) sell or transfer the home; (2) no longer use the home as your principal residence; or (3) rent the home or any part of the home.

- F. You understand that you must notify HHFDC in writing when you intend to pay all or part of HHFDC's share of Net Appreciation. If full payment will be made due to a sale of the Home, the terms and conditions of the sale must be provided.

HHFDC will select an appraiser who will prepare a written appraisal report of the fair market value of the Property. HHFDC will compute the share of Net Appreciation amount that is due and payable and notify you in writing within 45 days of receipt of your notification to pay HHFDC's share of Net Appreciation.

- G. If the First Mortgage is insured or held by FHA, FHA may not be able to help you.
- I. You understand that the SAE Program may limit additional financing that can be secured by the Home.

HHFDC's consent is required for additional financing and to subordinate the SAE Program to the new mortgage being made. HHFDC will consent when the total liens and encumbrances (including mortgages) do not exceed 80% of the sum of your original purchase price plus your share of appreciation in the Home.

H. You must contact the HHFDC whenever you have any questions regarding the sale or transfer of the property, occupancy requirements, or refinancing and additional financing guidelines for the property.

1. It is recommended that you consult with your attorney, estate planner, accountant or financial adviser to discuss any consequences which may affect your personal situation.

Buyer's Signature _____ Date _____

Buyer's Signature _____ Date _____

EXHIBIT "T"

SELLER'S REPURCHASE OPTION

The following provision is also contained in the Declaration of Condominium Property Regime:

27. Seller's Repurchase Option. Seller shall have the right to repurchase an Unit from a Unit Owner for a period of ten (10) years from the date of recordation of the Unit Deed conveying the Unit to the Unit Owner, subject to consent and approval of HHFDC, provided, however, that Seller may exercise this right if and only if an Unit Owner shall have made a complaint to Seller about a material defect in the physical condition and/or design of such Unit Owner's Unit or a material defect in the Project or any matter in connection with the Unit or the Project and Seller, after a good faith and diligent effort, shall be unable to rectify the complaint to such Unit Owner's satisfaction within a reasonable period of time, as determined by Seller in the exercise of its sole discretion. The exercise of Seller's repurchase rights shall be subject to the following terms and conditions:
- a. HHFDC Waives its Right of First Refusal. Seller's repurchase option shall arise only in the event that HHFDC declines to exercise its right of first refusal pursuant to the HHFDC Buy-Back Restrictions or the SAE Program. Regardless of the foregoing, Seller shall be required to comply with the applicable HHFDC resale requirements; as part of the repurchase the Unit Owner may be required to satisfy and comply with the SAE Program requirements; and such other restrictions and requirements that may be applicable to the transaction as determined by HHFDC.
 - b. Option Notice. Upon receipt of written notice from HHFDC that HHFDC has declined to exercise its right of first refusal, Seller shall give such Unit Owners and such Unit Owner's mortgagee (if any) written notice of Seller's exercise of its option to repurchase such Unit Owner's Unit.
 - c. Option Closing. The closing of the purchase shall be no earlier than six (6) months nor later than nine (9) months from the date of delivery of Seller's written notice of its exercise of the option. Closing costs shall be apportioned between such Unit Owner and Seller in accordance with customary practices in the State of Hawaii.
 - d. Option Purchase Price. The purchase price for the Unit shall be a price equal to the aggregate of (i) the price (the "Price") at which the Unit Owner purchased the Unit which is proposed to be transferred, (ii) the cost of any substantial and lawful improvements added by the Unit Owner to the Unit proposed to be transferred, and (iii) one-half of one percent (0.5%) per annum simple interest on the portion of the Price the Unit Owner paid in cash from time to time for the Unit proposed to be transferred, computed from the date so paid until the date that title to such Unit is transferred to Seller. The purchase price shall be paid in cash at the closing.
 - e. Purchase of Appliances. All appliances originally sold with the Unit (or their replacements) shall remain in the Unit at the date of closing and shall be a part of the property purchased by Seller as evidenced by the standard conditions of the form of residential Purchase Contract used by the Honolulu Board of Realtors or similar group at the time of exercise of the option.
 - f. Option Binding on Successors and Assigns. This right to repurchase given by each Unit Owner shall be binding upon each and every Unit Owner, such Unit Owner's

heirs, personal representatives, successors and assigns (including, without limitation, any subsequent Owners of the Unit), and shall be an encumbrance upon the Unit.

g. Assignment of Option. Seller's right to repurchase may be assigned by Seller without the prior written consent of any Unit Owner or any other person; provided, however, that upon the exercise of the right to repurchase granted hereunder, the person exercising such right shall provided to the Unit Owner and Unit Owner's mortgagee a copy of the assignment instrument by which such person acquired the right to repurchase hereunder.

h. Mortgage Protection. Seller's right to repurchase the Unit granted by this paragraph 27.0 shall be subordinate to the interest of any mortgagee of record. Seller shall not exercise its right to purchase a Unit under any option granted under this paragraph 27.0 if prior to or within sixty (60) days of giving notice to a Unit Owner and such Owner's mortgage lender of Seller's intent to exercise such option, the mortgage lender has commenced a foreclosure action against the Unit. Notwithstanding the formula for calculation of the purchase price and whether such purchase price is sufficient to satisfy the affected Unit Owner's purchase money mortgage or mortgages, the restrictions prescribed in this paragraph 27.0 shall be automatically extinguished upon any transfers of title to a mortgage holder or other party pursuant to a mortgage foreclosure, foreclosure under power of sale, or a conveyance in lieu of foreclosure after a foreclosure action is commenced, or when a mortgage is assigned to a federal housing agency. Any provision herein to the contrary notwithstanding, a mortgagee under a mortgage covering any interest in the Unit prior to commencing mortgage foreclosure proceedings, may notify Seller in writing of (i) any default of the mortgage under the mortgage within ninety (90) days after the occurrence of the default and (ii) any intention of the mortgagee to foreclose the mortgage; provided that the mortgagee's failure to provide such written notice to Seller shall not affect such holder's rights under the mortgage.

EXHIBIT "J"
DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
PHONE: (808) 788-8000 • FAX: (808) 788-8041
DEPT. WEB SITE: www.honolulu.gov • CITY WEB SITE: www.honolulu.gov

PETER B. CARLISLE
MAYOR



DAVID K. TANQUE
DIRECTOR

ROBERT M. SUMITOMO
DEPUTY DIRECTOR

2010/ELOG-2545(LW)
2010/ELOG-2252(LW)
2008/SMA-41

December 3, 2010

Mr. R. J. Martin
Green Homes at Lualualei, LLC
1700 Makiki Street #123
Honolulu, Hawaii 96822

Dear Mr. Martin:

Subject: Request for Minor Modifications
Special Management Area Use Permit No. 2008/SMA-41
Green Homes at Lualualei, Ltd.
87-1720 Farrington Highway - Lualualei
Tax Map Key 8-7-33: 11 and 22

This responds to your request for minor modifications (received October 18, 2010 and November 24, 2010) to Special Management Area (SMA) Use Permit No. 2008/SMA-41 (approved under Resolution No. 08-244 by the City Council on December 3, 2008). The request is to allow two additional dwelling units for a total of ten single-family dwelling units, a smaller private park, realignment of the private access way on Parcel 11, and extension of the deadline to obtain a development permit for the proposed project. The proposed modifications are reasonable, and will not have a significant or adverse impact on coastal resources addressed by Chapter 25, Revised Ordinances of Honolulu (ROH). Therefore, your request for minor modifications is APPROVED, subject to the following conditions:

1. A maximum of ten single-family dwelling units shall be permitted on Parcel 11, the portion of the proposed housing project located in the SMA. The revised plans, labeled Revised Exhibits C, C-1 and C-2 (see Attachment 1), shall replace the existing Exhibits C, C-1 and C-2 of the approved SMA project, and have been so marked and placed in the file. All other conditions of the SMA Use Permit shall remain in effect.
2. The deadline to obtain a development permit for the proposed project shall be extended for one year from December 3, 2010 to December 3, 2011.

3. Development shall be in general conformance with the approved revised plans on file with the Department of Planning and Permitting (DPP). Any modification to the approval shall be subject to the separate review of and approval by the Director of the DPP. Major modifications shall require a new SMA Use Permit.

The initial proposal was a cluster housing project consisting of 22 single-family dwellings and a private park of nearly 9,000 square feet on Parcels 11 and 22, which are separated by the Ulehawa Channel. The portion of the project site (Parcel 11) makai of the Ulehawa Channel, on which eight of the 22 units are proposed, is located in the SMA. On December 3, 2008, the City Council approved SMA Use Permit No. 2008/SMA-41 (Resolution No. 08-244) to allow development of eight single-family dwelling units and a private park on Parcel 11.

The revised proposal is a 25-unit affordable housing project pursuant to Chapter 201H, Hawaii Revised Statutes, including ten single-family dwellings on Parcel 11 (within the SMA) and 15 units on Parcel 22 (outside of the SMA). This is two more than the eight units permitted under the SMA Use Permit. You indicate that the increase in density, along with the requested exemptions, is essential to the financial feasibility of the project. As noted in our April 12, 2010 letter, the revised proposal to add two dwelling units for a total of ten dwelling units on Parcel 11 should not have a significant effect on coastal resources. The change from the approved plans may be considered a minor modification to the approved SMA Use Permit, subject to the review and approval by the DPP.

The City Council granted Resolution No. 10-245, CD1, FD1 on September 22, 2010 authorizing certain exemptions for the proposed 25-unit affordable housing project, as amended by Resolution No. 10-310 on November 22, 2010, relating to park dedication requirements (see Attachment 2). The revised plans you submitted with this minor modification request match the approved plan shown in Exhibit B of Resolution No. 10-310, which shows ten single-family dwellings and a 2,756-square-foot private park on Parcel 11, and 15 dwelling units on Parcel 22. As such, the minor modification request is approved.

In accordance with Condition 5 of the SMA Use Permit, the DPP may extend the two-year period for the applicant to obtain a development permit by a maximum of one year from the initial deadline of December 3, 2010. In light of the proposed changes to the project and the time it may take to obtain the required approvals from the pertinent State and City agencies, the request is approved.

Pursuant to Revised Ordinances of Honolulu Section 25-3.3(c), the original project required an Environmental Assessment (EA) prior to the issuance of the SMA Use Permit. A Final EA was prepared for the project, and a Finding of No Significant Impact was issued by the DPP on July 25, 2008. We have determined that the subject proposal will have no significant effect on coastal resources. Therefore, we have determined that a Supplemental EA is not required, based on the criteria outlined in Subchapter 10 of Title 11, Section 200, Hawaii Administrative Rules.

Mr. R. J. Martin
December 3, 2010
Page 3

Any party (to the case) wishing to appeal the Director's action must submit a written petition to the Circuit Court within 30 calendar days from the date of mailing or personal service of the Director's decision.

If you have any questions, please contact Lin Wong of our staff at 768-8033.

Very truly yours,

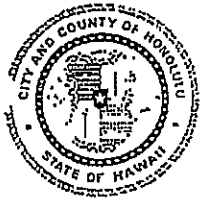
A handwritten signature in black ink, appearing to read 'David K. Tanoue', written over a horizontal line.

David K. Tanoue, Director
Department of Planning and Permitting

DKT:nw

Attachment

Doc. 816633



DENISE C. DE COSTA
CITY CLERK

OFFICE OF THE CITY CLERK
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII 96813-3077 / TELEPHONE 768-3810

December 5, 2008

Mr. R.J. Martin
Green Homes at Lualualei, LLC
725 Kapiolani Boulevard, C-405
Honolulu, HI 96813

Dear Mr. Martin:

This is to inform you that Resolution 08-244, granting a special management area use permit for a portion of a proposed cluster housing project (Green Homes at Lualualei), was adopted by the Council of the City and County of Honolulu at its meeting on Wednesday, December 3, 2008.

Sincerely,

Denise Man

for

DENISE C. DE COSTA
City Clerk

hc

Attachment



RESOLUTION

GRANTING A SPECIAL MANAGEMENT AREA USE PERMIT FOR A PORTION OF A PROPOSED CLUSTER HOUSING PROJECT (GREEN HOMES AT LUALUALEI).

WHEREAS, the Department of Planning and Permitting ("DPP") on August 29, 2008, accepted the application of Green Homes at Lualualei, LLC, herein referred to as the Applicant, for a Special Management Area Use Permit ("SMP") to develop the portion of the cluster housing project which is located in the Special Management Area ("SMA"), including eight (8) single-family dwellings, private access way, utilities, a private park and other associated improvements, identified by Tax Map Key 8-7-33: 11 and 22, Reference No. 2008/SMA-41; and

WHEREAS, on October 8, 2008, the DPP held a public hearing which was attended by the Applicant and two (2) members of the public. No oral testimony was presented at the hearing and no written testimony was submitted for the project; and

WHEREAS, on October 22, 2008, within ten (10) working days after the close of the public hearing, the DPP, having duly considered all evidence and reports of said public hearing and the review guidelines as established in Sections 25-3.1 and 25-3.2, Revised Ordinances of Honolulu (ROH), completed its report and transmitted its findings and recommendation of approval to the City Council; and

WHEREAS, the City Council, having received the findings and recommendation of the DPP on OCT 22 2008 and at its meeting of DEC - 3 2008, having duly considered all of the findings and reports on the matter, approved the subject application for an SMP with conditions enumerated below; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that an SMP be issued to the Applicant under the following conditions:

1. Approval of this permit covers the portion of the proposed cluster housing development located in the SMA, including eight (8) single-family dwellings, private access way, utilities, a private park, and other associated improvements, as described in the Director's report and depicted in Exhibits A through D, attached hereto and made a part hereof by reference.



RESOLUTION

2. The applicant shall comply with the recommendations of the State Historic Preservation Division (SHPD), which include:
 - a. Ensure that a qualified archaeological monitor shall be present during all ground-altering activities conducted on the project site to document any historic properties encountered during the proposed undertaking and to provide mitigation measures as necessary.
 - b. Prior to commencement of any ground-altering activities, obtain approval of an archaeological monitoring plan from SHPD. The monitoring plan shall contain the following specifications: (1) the kinds of remains that are anticipated and where in the construction area the remains are likely to be found; (2) how the remains and deposits will be documented; (3) how the expected types of remains will be treated; (4) the archaeologist conducting the monitoring shall have the authority to halt the construction in the immediate area of the find in order to carry out the plan; (5) a coordination meeting between the archaeologist and construction crew shall be held, so that the construction team is aware of the plan; (6) what laboratory work will be done on remains that are collected; (7) a schedule of report preparation; (8) details concerning the archiving of any collections that are made; and, (9) an acceptable report documenting the findings of the monitoring activities shall be submitted to SHPD for review following the completion of the proposed undertaking.
 - c. Notify SHPD via facsimile upon the on-set and completion of the proposed undertaking.

If, during construction, any previously unidentified archaeological sites or remains (such as artifacts, shell, bone, or charcoal deposits, human burials, rock or coral alignments, paving, or walls) are encountered, the applicant shall stop work and contact the SHPD immediately. Work in the immediate area shall be stopped until SHPD is able to assess the impact and make further recommendations for mitigative activity.

3. Approval of this Special Management Area Use Permit does not constitute compliance with other LUO or governmental requirements, including building permit approval. They are subject to separate review and approval. The applicant shall be responsible for insuring that the final plans for the project approved under this permit comply with all applicable LUO and other governmental agencies' provisions and requirements.



RESOLUTION

4. Construction shall be in general conformity with the plans on file with the DPP and in accordance with the LUO. Any changes in the size or nature of the project which have a significant effect on coastal resources addressed in Chapter 25, Revised Ordinances of Honolulu, shall require a new application. Any changes, which do not have a significant effect on coastal resources, shall be considered a minor modification and therefore permitted under this resolution, upon review and approval of the Director of Planning and Permitting.
5. **The project shall receive a development permit for the proposed development within two (2) years of the date of this permit.** Failure to obtain a development permit within this period shall render this permit null and void, provided that this period may be extended as follows:

The Director of Planning and Permitting may extend this period if the applicant demonstrates good cause, but the period shall not be extended beyond one (1) year from the initial deadline.

If the applicant demonstrates good cause for an extension exceeding one (1) year, the Director shall prepare and submit to the Council a report on the proposed extension, which report shall include the Director's findings and recommendations thereon. The Council may approve the proposed extension or an extension for a shorter or longer period, or deny the proposed extension, by adoption of a committee report or resolution. If the Council fails to take final action on the proposed extension within the first to occur of: (a) 60 days after receipt of the Director's report; or, (b) the applicant's then-existing deadline for obtaining a building permit, the extension shall be deemed to be denied.



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. 08-244

RESOLUTION

BE IT FINALLY RESOLVED by the Council of the City and County of Honolulu that copies of this Resolution be transmitted to Henry Eng, FAICP, Director of Planning and Permitting, and R.J. Martin, Green Homes at Lualualei, LLC, 725 Kapiolani Boulevard C-405, Honolulu, Hawaii 96813.

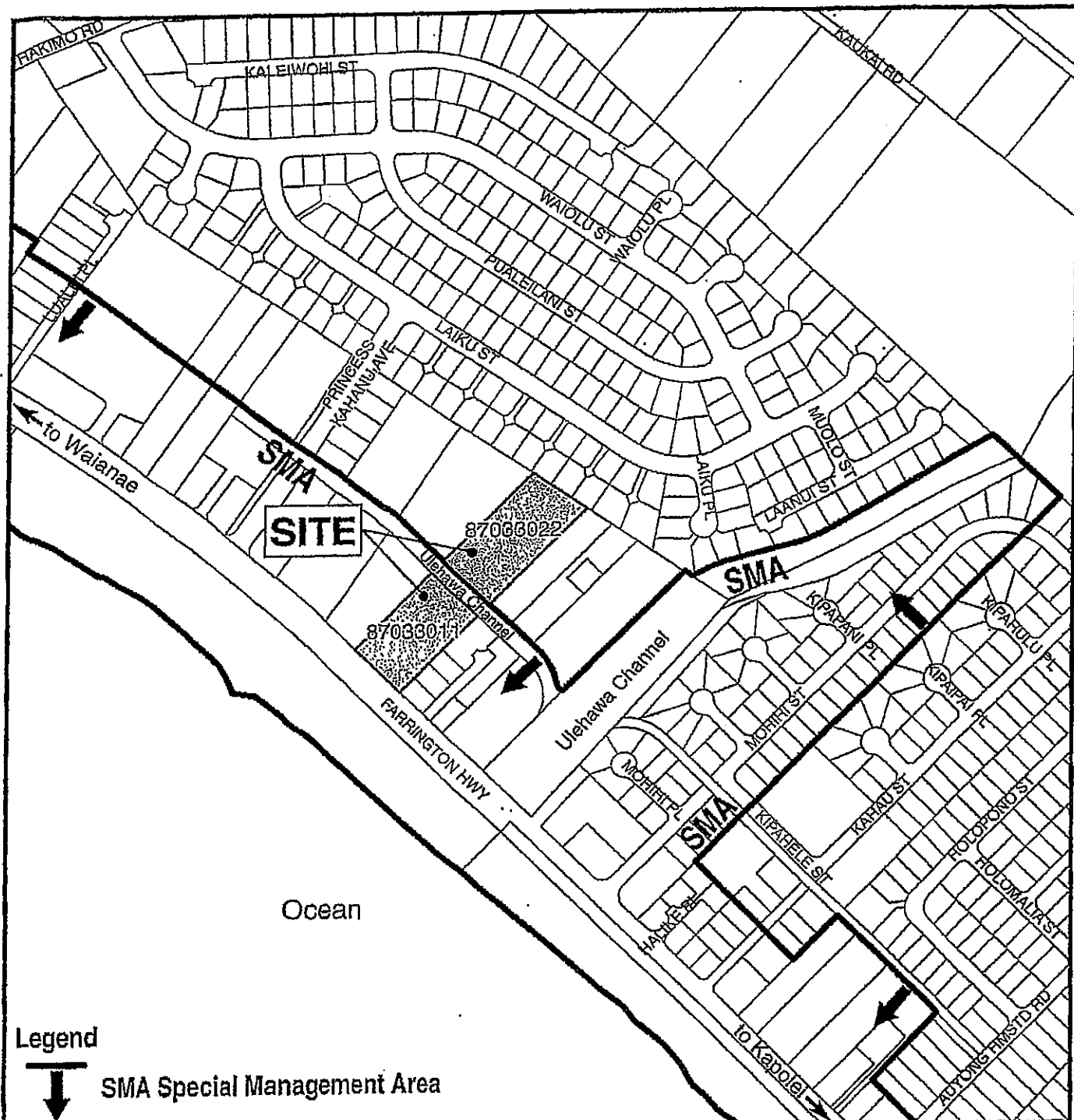
INTRODUCED BY:

Barbara Kishida (br)

DATE OF INTRODUCTION:

OCT 22 2008
Honolulu, Hawaii

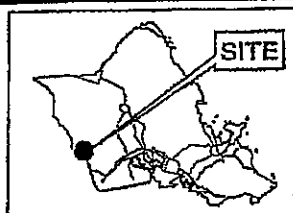
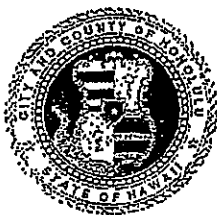
Councilmembers



Legend



SMA Special Management Area



VICINITY MAP

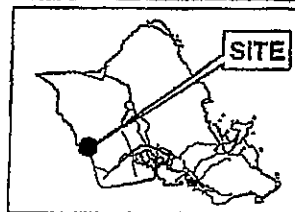
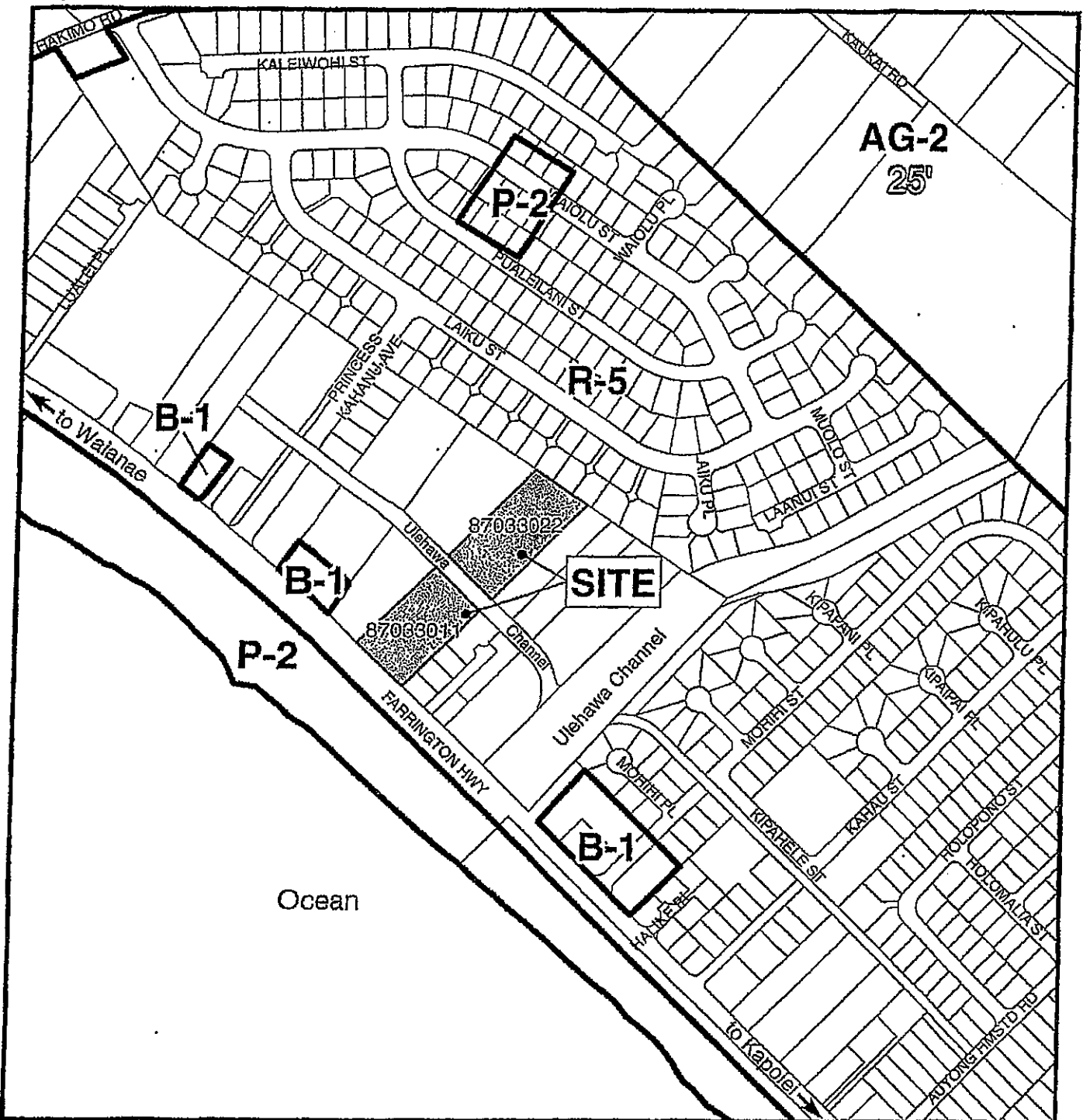


LOCATION MAP NANAKULI

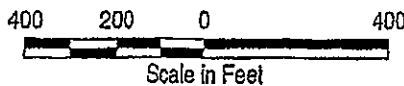
TAX MAP KEY(S): 8-7-033:011, 8-7-033:022

FOLDER NO.: 2008/SMA-41

EXHIBIT A



VICINITY MAP



PORTION OF
EXISTING ZONING MAP
(NANAKULI)

TAX MAP KEY(S): 8-7-033:011, 8-7-033:022

FOLDER NO.: 2008/SMA-41

EXHIBIT B

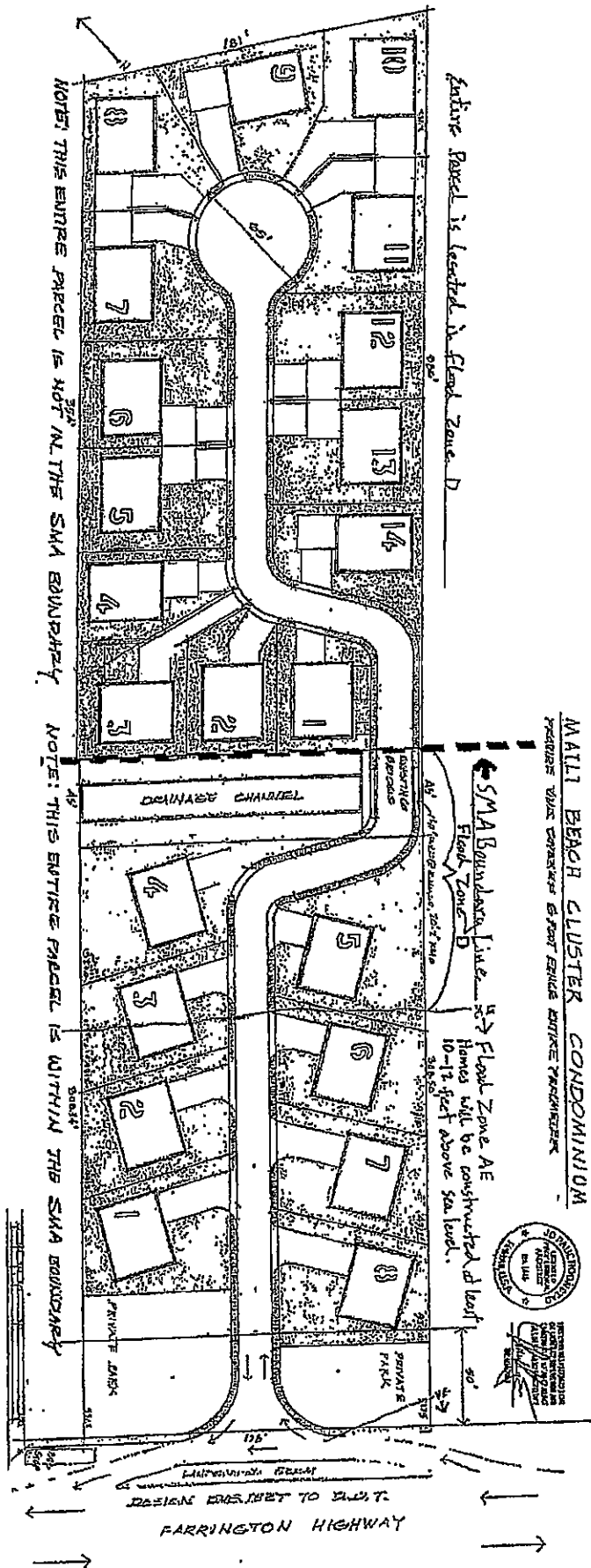
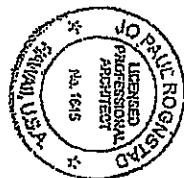


EXHIBIT C

MALLI BEACH CLUSTER CONDOMINIUM

PROVIDE VINE COVERED 6 FOOT FENCE ENTIRE PERIMETER



THIS PLAN WAS PREPARED BY ME OR UNDER MY SUPERVISION AND I AM A LICENSED PROFESSIONAL ENGINEER IN THE STATE OF OREGON.

SMA Boundary Line

Flood Zone D

Flood Zone AE
Homes will be constructed at least 10-12 feet above sea level.

45' 1/4" (1/4" TYPICAL) GRADE, 20:1 V RATIO

308.50

50'

175'

PRIVATE PARK

DRAINAGE CHANNEL

PRIVATE PARK

DESIGN SUBJECT TO D.C.T.

FARRINGTON HIGHWAY

EXHIBIT C-1

NOTE: THIS ENTIRE PARCEL IS WITHIN THE SMA BOUNDARY
SITE PLAN: TMK: 8-7-33:11, 1.260 AC., 54,855.6 SQ. FT.

SCALE: 1"=30'

45'

308.54'

950.2

TMK: 8-7-33:12

175'

175'

Bus Stop

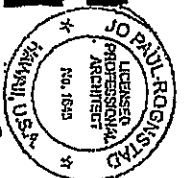
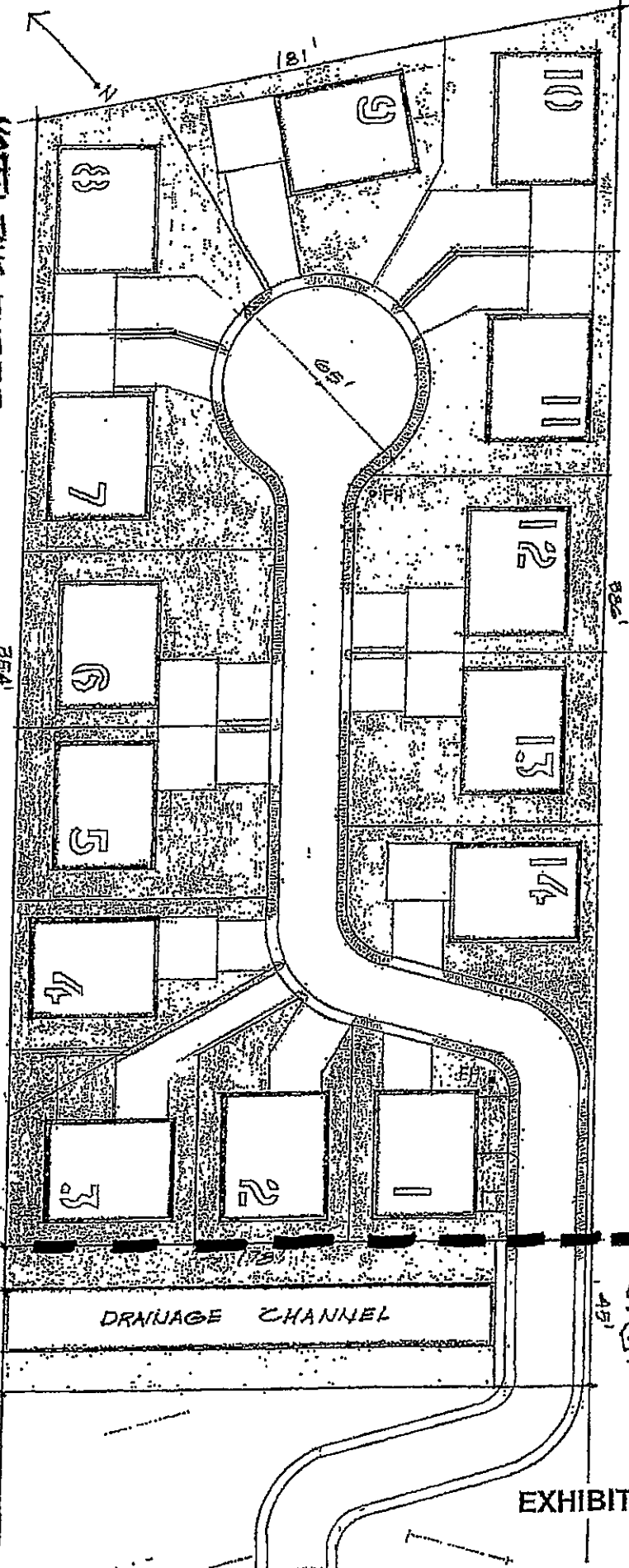
ITALI BEACH CLUSTER CONDOMINIUM

PROPOSED VINE COVERED 6 FOOT FENCE ENTIRE PERIMETER

Future Parcel is located in Flood Zone D

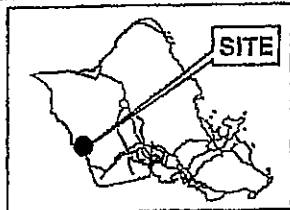
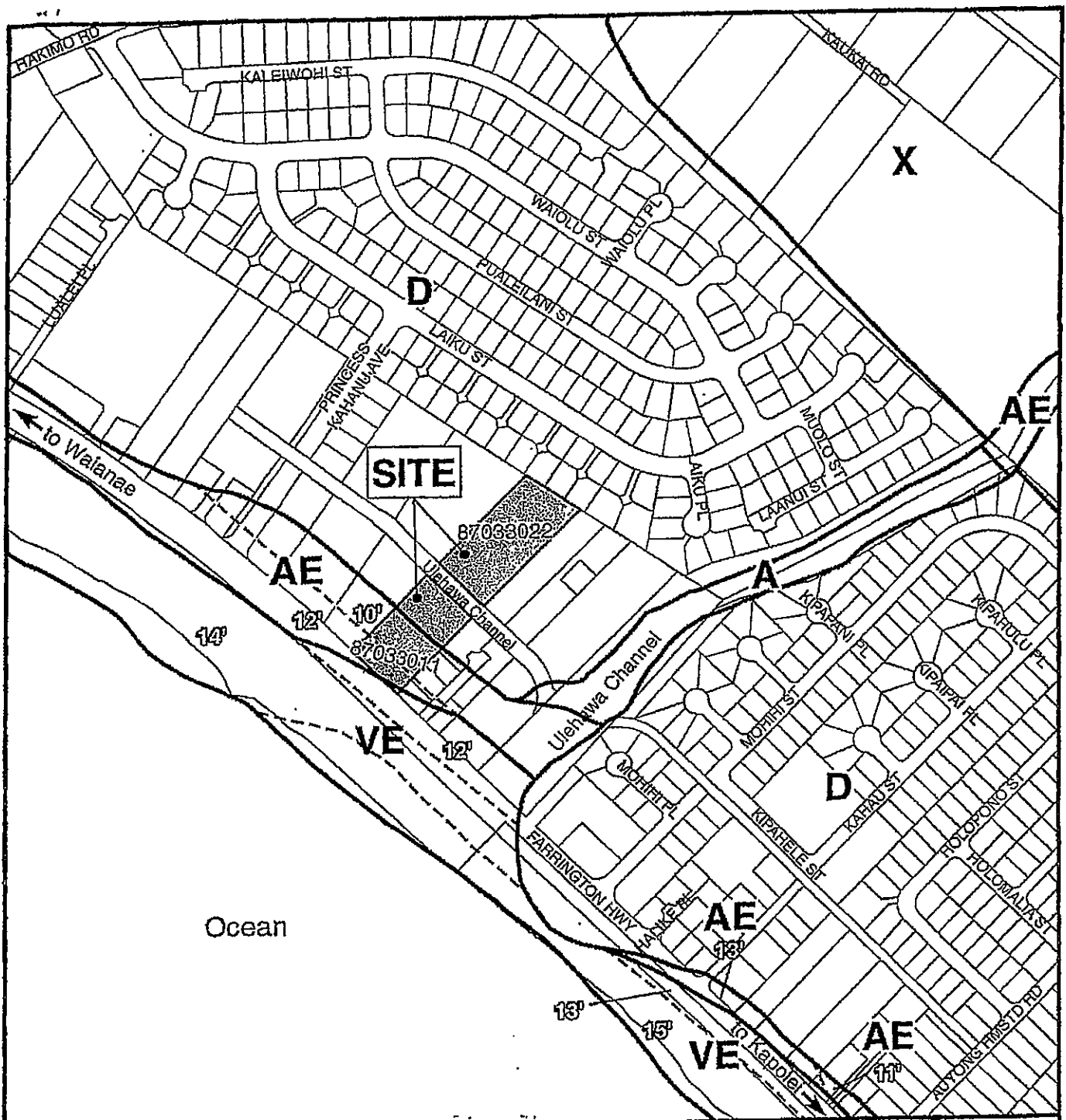
NOTE: THIS ENTIRE PARCEL IS NOT IN THE SMA BOUNDARY
SITE PLAN: T.M.K. 8-7-33:22, 157AC, 660805250 FT.

SCALE: 1" = 30'

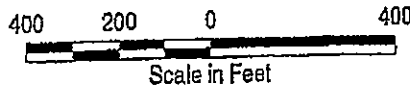


THIS WORK WAS PREPARED BY ME
OR UNDER MY SUPERVISION AND
CONSISTENT WITH THE PROJECT
AND THE PROFESSIONAL STANDARDS
OF THE ENGINEERING
BOARD OF HAWAII

EXHIBIT C-2



VICINITY MAP



FLOOD HAZARD MAP NANAKULI

TAX MAP KEY(S): 8-7-033:011, 8-7-033:022

FOLDER NO.: 2008/SMA-41

EXHIBIT D

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII
CERTIFICATE

RESOLUTION 08-244

Introduced: 10/22/08 By: BARBARA MARSHALL(BR)

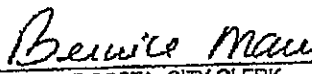
Committee: ZONING

Title: RESOLUTION GRANTING A SPECIAL MANAGEMENT AREA USE PERMIT FOR A PORTION OF A
PROPOSED CLUSTER HOUSING PROJECT (GREEN HOMES AT LUALUALEI).

Links: RES08-244

ZONING	11/18/08	CR-339 - RESOLUTION REPORTED OUT OF COMMITTEE FOR ADOPTION. (DEADLINE: 12/21/08)			
COUNCIL	12/3/08	CR-339 AND RESOLUTION 08-244 WERE ADOPTED.			
	APO Y	CACHOLA Y	DELA CRUZ Y	DJOU Y	GARCIA Y
	KOBAYASHI Y	MARSHALL E	OKINO Y	TAM Y	

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.


DENISE C. DE COSTA, CITY CLERK


TODD APO, CHAIR AND PRESIDING OFFICER



RESOLUTION

AMENDING RESOLUTION 10-245, CD1, FD1, TO AMEND EXEMPTION NO. 9 RELATING TO PARK DEDICATION REQUIREMENTS FOR THE GREEN HOMES AT LUALUALEI AFFORDABLE HOUSING PROJECT, LUALUALEI, WAIANAE, OAHU, TAX MAP KEYS 8-7-033:011 AND 022.

WHEREAS, on September 22, 2010, the council, by adoption of Resolution 10-245, CD1, FD1, authorized certain exemptions from planning, zoning, construction standards for subdivision, development and improvement of land and the construction of units thereon pursuant to Section 46-15.1, Hawaii Revised Statutes ("HRS") and Section 201H-38, HRS, for the Green Homes at Lualualei affordable housing project (the "Project"), situated on land located at 87-17820 Farrington Highway, Lualualei, Waianae, Oahu, identified by Tax Map Keys 8-7-033:011 and 022, which is owned by Green Homes at Lualualei, LLC (the "Developer"); and

WHEREAS, Exemption No. 9 of Resolution 10-245, CD1, FD1, states:

Park Dedication Exemption:

9. Partial exemption from park dedication requirements, Chapter 22, Article 7, ROH, to allow satisfaction of the requirements by payment of an in-lieu fee of less than the amount determined in accordance with ROH 22-7.6 and 22-7.7, with the exact amount to be determined by the Department of Planning and Permitting, or by the Council by resolution, and to allow payment of the fee prior to the sale of the first unit in the Project.

and

WHEREAS, the Developer seeks to amend Exemption No. 9 of Resolution 10-245, CD1, FD1; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that Resolution 10-245, CD1, FD1, is amended by amending Exemption No. 9 to read:

Park Dedication Exemption:

9. Partial exemption from park dedication requirements, Chapter 22, Article 7, ROH, to allow satisfaction of the requirements by development of a private park of at least 2,750 square feet in area in substantial conformance to the site plan attached herewith as Exhibit B or by payment of an in-lieu fee of \$50,000.



RESOLUTION

and

BE IT FURTHER RESOLVED that in all other respects Resolution 10-245, CD1, FD1, is hereby ratified and confirmed and shall continue in full force and effect; and

BE IT FINALLY RESOLVED that copies of this Resolution be transmitted to the Hawaii Housing Finance and Development Corporation, 677 Queen Street, Suite 300, Honolulu, Hawaii 96813 and Green Homes at Lualualei, LLC at 1700 Makiki Street, #124, Honolulu, Hawaii 96822.

INTRODUCED BY:

[Signature]

DATE OF INTRODUCTION:

NOV 03 2010

Honolulu, Hawaii

_____ Councilmembers

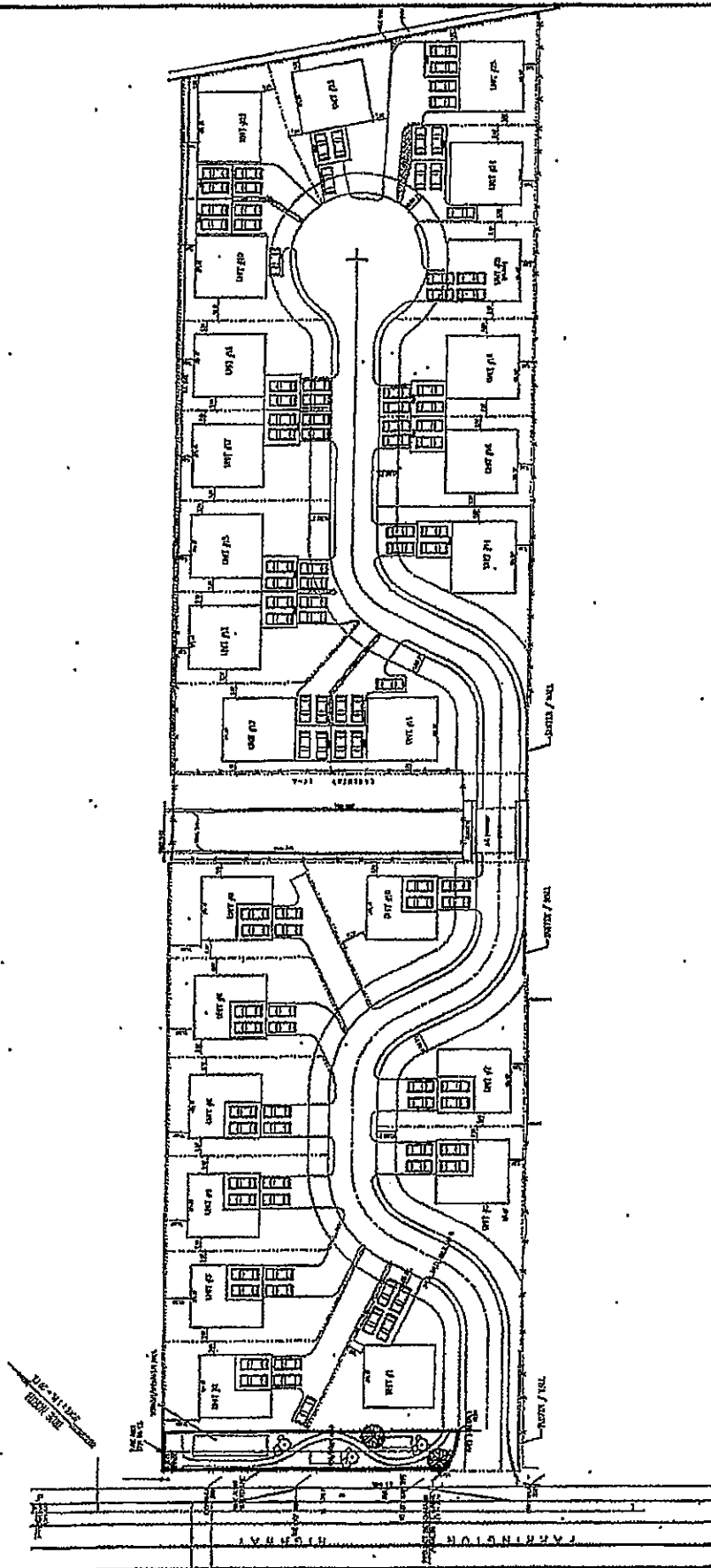


EXHIBIT B

[illegible]

Student name: _____

GREEN HOMES at LUALABA!

TRK 1-8-7-22, Parcel 11 & 22
of Lualaba, Oahu, Hawaii

PLAN PLOT
TIME

Green Homes Hawaii, LLC

अथ

54



RESOLUTION

AUTHORIZING EXEMPTIONS FROM CERTAIN REQUIREMENTS RELATING TO THE GREEN HOMES AT LUALUALEI AFFORDABLE HOUSING PROJECT AT LUALUALEI, WAIANAE, OAHU, HAWAII, TAX MAP KEYS 8-7-033: 011 AND 022.

WHEREAS, Pacific Island Investments LLC, as the developer, and Green Homes at Lualualei, LLC, as the landowner, with the approval of the Hawaii Housing Finance and Development Corporation ("HHFDC"), propose to develop a single-family dwelling project that will include 25 dwelling units and required infrastructure on land located at 87-1720 Farrington Highway, Lualualei, Waianae, Oahu, identified by Tax Map Keys 8-7-033: 011 and 022, which is owned by Green Homes at Lualualei, LLC, to be known as the Green Homes at Lualualei affordable housing project (the "Project"); and

WHEREAS, the 25 single-family dwellings within the Project will be built on 25 Condominium Property Regime ("CPR") lots ranging from approximately 2,845 to 5,345 square feet, consisting of 3 to 7 bedrooms and 2 to 4 bathrooms that range in size from approximately 1,152 to 3,015 interior square feet. A private driveway that provides 24 feet of paved surface area and a cul-de-sac will provide the right-of-way to the 25 homes. Additional infrastructure such as electrical, water and sewer will also be provided; and

WHEREAS, for a period of 10 years after the completion of construction, 100 percent of the units will be offered for sale at affordable rates. All dwelling units will be offered for sale to households earning at or below 140 percent of the Area Median Gross Income ("AMGI"); and

WHEREAS, the City Council is empowered and authorized to approve the Project, which may include exemptions from statutes, ordinances, charter provisions and rules of any government agency relating to planning, zoning, construction standards for subdivision, development and improvement of land and the construction of units thereon pursuant to Section 201H-38 of the Hawaii Revised Statutes ("HRS"); and

WHEREAS, the City Council has reviewed the preliminary plans, dated June 1, 2010, and outline specifications dated June 22, 2010, prepared for the Project by Pacific Island Investments, and submitted to the Council by the HHFDC; and

WHEREAS, the Project is consistent with the housing and community development goals of the HHFDC; and



RESOLUTION

WHEREAS, the granting of the exemptions is necessary for the timely and successful implementation of the Project; and

WHEREAS, the exemptions meet minimum requirements of health and safety; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that it approves the Project, which approval includes exemptions from certain requirements for the Project as set forth in the preliminary plans and specifications for the Project, as follows:

Fee Exemptions and Deferrals:

1. Exemption from Section 14-10.2 Revised Ordinances of Honolulu (ROH) to allow deferral of payment of wastewater system facility charges estimated at \$134,500 until funding of the construction loan is available. The payment of these charges shall be made before connection to the municipal wastewater system.
2. Exemption from Section 14-14.4 ROH to allow exemption from grading and grubbing permit fees estimated at \$463.50 and \$1,043.69, respectively (estimated total of \$1,507).
3. Exemption from Sections 18-6.1 and 18-6.2 ROH to allow exemption from building permit plan review and filing fees.
4. Exemption from Section 14-12.12(f) ROH, to allow exemption from the private storm drain connection fee, estimated at \$100.
5. Exemption from State Department of Health National Pollution Discharge Elimination General Permit Fee, estimated at \$500 per permit, and more than one may be required.

LUO Exemptions:

6. Exemption from Land Use Ordinance (LUO) Section 21-3.70.1(b) and Table 21-3.2 ROH to allow dwelling lots (Condominium Property Regime areas) that do not comply with the minimum land area and lot dimensions of the R-5 Residential District.