

**NOTICE OF LOTTERY NUMBER RESERVATION SYSTEM
AND RECEIPT OF OWNER-OCCUPANT AFFIDAVIT FORM**

This is a Notice given by D.R. HORTON-SCHULER DIVISION, dba D.R. Horton-Schuler Division (the "Developer"), in regard to a proposed fee simple condominium community to be known as "KA MALANAI AT KAILUA" (the "Community"), which the Developer has made preliminary plans to develop at Kailua, City and County of Honolulu, Hawaii, TMK Nos. (Oahu) 4-2-001-030, 034, 057 and 058. Pursuant to the lottery number reservation system established for this Community, you have been selected as a prospective purchaser and will be offered the opportunity to enter into a sales contract for a unit at Ka Malanai at Kailua, if the Developer elects to proceed with present plans to construct and market the Community. You will be able to select a unit based upon the lottery number assigned to you.

By signing below, the undersigned acknowledges the following:

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

2. The undersigned has read or has been given an opportunity to read the Owner-Occupant Newspaper Announcement ("Public Announcement") regarding the Community, or a copy thereof, which was first published in the Honolulu Star-Advertiser on March 16, 2014.

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

4. The undersigned has been furnished with or been given an opportunity to review a list of those units in the Community which have been designated for sale to prospective owner-occupants: ("designated units") pursuant to section 514B-96, HRS.

5. The undersigned understands that prospective owner-occupants will be given the opportunity to purchase a designated unit in the order in which they were selected in the lottery. Their priority number or lottery number will be assigned on the basis of the order in which each was chosen in the lottery. Each prospective owner occupant purchaser, in the order in which they were selected in the lottery, will be given the opportunity to first select a unit from the designated units available and not previously selected. Based on that selection, the prospective owner-occupant purchaser shall execute a sales contract for the purchase of the selected designated unit and to make an earnest money deposit in the amount of \$5,000. If the prospective purchase fails to do so within 48 hours of the lottery and the assignment of a lottery number, the prospective purchaser shall lose their priority and their selected unit will be offered for purchase to the next person on the priority list who has selected that unit or who has not yet been given the opportunity to select a unit. Each of the prospective owner-occupants on the priority list will be offered an opportunity to select and enter into a sales contract for the purchase of a designated unit **in the order in which their names appear on the priority list** until all available units are sold. Those prospective owner-occupants who are not initially offered an opportunity to select and enter into a sales contract for the purchase of a unit, or who initially decline to select and enter into a sales contract, will be afforded the opportunity to retain their position on the reservation/priority list as "back-up" prospective owner-occupants.

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

7. This is a "Notice" to prospective owner-occupants and a "Receipt" for the Owner-Occupant Affidavit only. **This is not a contract and does not give the undersigned any right to purchase a unit in the Community or to have the undersigned's name appear on the reservation/priority list. To be on the reservation/priority**

list, the undersigned must return a fully completed and executed Owner-Occupant Affidavit and make the earnest money deposit set forth above.

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

Signature

Signature

Print Name

Print Name

Signature

Signature

Print Name

Print Name

Signed in my presence:

Agent for Developer/Broker

BUYER REAL ESTATE BROKER

Home Shoppe Hawaii LLC

Company Name

Yvonne Jaramillo Ahearn (B)
808-721-8088
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Agent/Broker Name & Contact Information