

Ka Malanai at Kailua
Lottery Instructions for Website

1. Sign and notarize the "Affidavit of Intent to Purchase and Reside in an Owner-Occupant Designated Townhome Condominium Unit" ("Owner-Occupant Affidavit"). The form of the Owner-Occupant Affidavit is available on line or may be obtained from the Ka Malanai at Kailua sales office at 407 Uluniu Street, #105, Kailua, Hawaii. The Owner-Occupant Affidavit may not be signed by an Attorney-in-Fact.
2. Complete the Lottery Registration Form. The form of the Lottery Registration Form is available on line or may be obtained from the Ka Malanai at Kailua sales office.
3. Return the original signed and notarized Owner-Occupant Affidavit and Lottery Registration Form to the Ka Malanai at Kailua sales office by either mail or hand delivery.

Please note the lottery for units in Building 1 and 2 is scheduled for January 25, 2014. The Owner-Occupant Affidavit and Lottery Registration Form must be returned to the Ka Malanai sales office by January 24, 2014 at 12:00 p.m.

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 is chosen in the lottery. Each prospective owner occupant purchaser, in the order in which they are 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 either (i) a unit selection form and make a deposit of \$1,000 or (ii) a sales contract for the purchase of the selected designated unit and make an earnest money deposit in the amount of \$5,000. If the prospective purchase fails execute a sales contract and make the deposit 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, may retain their position on the reservation/priority list as "back up" prospective owner occupants.

**Ka Malanai at Kailua
Lottery Registration Form**

PRINT Full name of Buyers:

FIRST	MIDDLE	LAST
FIRST	MIDDLE	LAST
FIRST	MIDDLE	LAST
FIRST	MIDDLE	LAST

Address: _____
Street Address

City State Zip

Phone (Res.) _____ (Bus.) _____

Email Contact: _____

Buyers have completed and/or submitted each of the following, all of which are required to participate in the Lottery. The following item should be checked off as received by the Sales Office.

Owner-Occupant Affidavit

APPLICANTS UNDERSTAND AND AGREE THAT A FAILURE TO PROVIDE D.R. HORTON-SCHULER HOMES, LLC WITH THE FOREGOING ITEM, FULLY COMPLETED, WILL DISQUALIFY THE APPLICANT FROM PARTICIPATING IN THE LOTTERY.

REALTOR: YVONNE JARAMILLO AHEARN (B)
HOME SHOPPE HAWAII LLC
808-721-8088

**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 January 12, 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

**KA MALANAI AT KAILUA
AFFIDAVIT OF INTENT TO PURCHASE AND RESIDE IN AN OWNER-OCCUPANT
DESIGNATED TOWNHOME CONDOMINIUM UNIT**

[] Chronological System [x] Lottery System

We, the undersigned "owner-occupants", on this _____ day of _____, 20____, do hereby declare that it is our intention to purchase and reside in a designated townhouse condominium unit designated for an "owner-occupant" in Ka Malanai at Kailua condominium community ("Community") proposed by D.R. Horton – Schuler Homes, LLC, a Delaware limited liability company, dba D.R. Horton-Schuler Division ("Developer").

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

1. It is our intent to reserve and purchase an owner-occupant designated residential unit ("designated residential unit") pursuant to Section 514B-96 of the Owner-Occupant Law, and upon closing escrow, to reside in the designated residential unit as our principal unit for 365 consecutive days.

2. The term "owner-occupant" as used herein is defined in section 514B-95 of the Owner-Occupant Law as:

"...any individual in whose name sole or joint legal title is held in a residential unit that, simultaneous to such ownership, serves as the individual's principal residence, as defined by the department of taxation, for a period of not less than three hundred and sixty-five consecutive days; provided that the individual shall retain complete possessory control of the premises of the residential unit during this period. An individual shall not be deemed to have complete possessory control of the premises if the individual rents, leases, or assigns the premises for any period of time to any other person in whose name legal title is not held; except that an individual shall be deemed to have complete possessory control even when the individual conveys or transfers the unit into a trust for estate planning purposes and continues in the use of the premises as the individual's principal residence during this period." (Emphasis added).

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

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

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

On this _____ day of _____, 20_____, before me personally appeared _____, to me personally known, who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable, in the capacities shown, having been duly authorized to execute such instrument in such capacities.

Type or print name: _____
Notary Public, State of Hawaii.
My commission expires: _____

Date of Doc: _____	# Pages: _____
Name of Notary: _____	Notes: _____
Doc. Description: _____	(stamp or seal)

Notary Signature _____	Date _____
First Circuit, State of Hawaii	
NOTARY CERTIFICATION	

**KA MALANAI AT KAILUA
AFFIDAVIT OF INTENT TO PURCHASE AND RESIDE IN AN OWNER-OCCUPANT
DESIGNATED TOWNHOME CONDOMINIUM UNIT**

[] Chronological System [X] Lottery System

We, the undersigned "owner-occupants", on this _____ day of _____, 20____, do hereby declare that it is our intention to purchase and reside in a designated townhouse condominium unit designated for an "owner-occupant" in Ka Malanai at Kailua condominium community ("Community") proposed by D.R. Horton – Schuler Homes, LLC, a Delaware limited liability company, dba D.R. Horton-Schuler Division ("Developer").

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

1. It is our intent to reserve and purchase an owner-occupant designated residential unit ("designated residential unit") pursuant to Section 514B-96 of the Owner-Occupant Law, and upon closing escrow, to reside in the designated residential unit as our principal unit for 365 consecutive days.

2. The term "owner-occupant" as used herein is defined in section 514B-95 of the Owner-Occupant Law as:

"...any individual in whose name sole or joint legal title is held in a residential unit that, simultaneous to such ownership, serves as the individual's principal residence, as defined by the department of taxation, for a period of not less than three hundred and sixty-five consecutive days; provided that the individual shall retain complete possessory control of the premises of the residential unit during this period. An individual shall not be deemed to have complete possessory control of the premises if the individual rents, leases, or assigns the premises for any period of time to any other person in whose name legal title is not held; except that an individual shall be deemed to have complete possessory control even when the individual conveys or transfers the unit into a trust for estate planning purposes and continues in the use of the premises as the individual's principal residence during this period." (Emphasis added).

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

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

5. At any time after obtaining adequate financing or a commitment for adequate financing up until the expiration of this Affidavit (365 days after recordation of the instrument conveying the designated residential unit to us), we shall notify the Real Estate Commission immediately upon any decision to cease being an owner-occupant of the designated residential unit.

6. At closing of escrow, we shall file a claim for and secure an owner-occupant property tax exemption with the appropriate county office for the designated residential unit.

7. We have personally executed this Affidavit and we are all of the prospective owner-occupants for the designated residential unit. This Affidavit shall not be executed by an attorney-in-fact.

8. We shall not sell or offer to sell, lease or offer to lease, rent or offer to rent, assign or offer to assign, convey or otherwise transfer any interest in the designated residential unit until at least 365 consecutive days have elapsed since the recordation of the instrument conveying title to the designated residential unit to us. Furthermore, we understand that we have the burden of proving our compliance with the law. We affirm that we will notify the Real Estate Commission immediately upon any decision to cease being an owner occupant.

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

10. The Real Estate Commission may require verification of our owner-occupant status and if we fail to submit such verification, we may be subject to a fine in an amount equal to the profit made from the sale, assignment or transfer of the designated residential unit.

11. Any false statement in this Affidavit or violation of the Owner-Occupant Law shall subject us to a misdemeanor charge with a fine not to exceed \$2,000, or by imprisonment of up to a year or both. We further understand that if we violate or fail to comply with the Owner-Occupant Law, we shall be subject to a civil penalty of up to \$10,000, or fifty per cent of the net proceeds received or to be received from the sale, lease, rental, assignment or other transfer of the designated residential unit, whichever is greater.

12. When required by context, each pronoun reference shall include all numbers (singular or plural) and each gender shall include all genders.

[REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

On this ____ day of _____, 20____, before me personally appeared _____, to me personally known, who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable, in the capacities shown, having been duly authorized to execute such instrument in such capacities.

Type or print name: _____
Notary Public, State of Hawaii.
My commission expires: _____

Date of Doc: _____	# Pages: _____
Name of Notary: _____	Notes: _____
Doc. Description: _____	(stamp or seal)

Notary Signature _____	Date _____
First Circuit, State of Hawaii	
NOTARY CERTIFICATION	