'AHAKEA AT HO'OPILI AFFORDABLE HOUSING INFORMATION CIRCULAR

Thank you for your interest in 'Ahakea at Ho'opili ("**'Ahakea**"). We at D.R. Horton Hawaii LLC ("**DRHH**") are pleased to introduce one of the newest housing communities on Oahu containing affordable units. The designated affordable units have been constructed and marketed in cooperation with the City and County of Honolulu ("**City"**) and sales of affordable units in the community will be certified by the City's Department of Planning and Permitting ("**DPP**"). Sales of affordable units will be by either a lottery or chronological offering as described in this information circular.

GENERAL ELIGIBILITY REQUIREMENTS

1. Applicants must meet all of the eligibility requirements of Section 3-2 of DPP's Affordable Housing Rules adopted in February 2010 ("**Affordable Housing Rules**"). A copy of this Section of the Affordable Housing Rules is attached as Exhibit 1. The eligibility requirements are generally summarized below.

2. Applicants must not individually, or together with a spouse or any household member, nor can applicant's spouse or any household member own a majority interest in fee simple or leasehold in any real estate suitable for residential use prior to closing of a unit in 'Ahakea or for the year prior to the date of the Applicant's housing application.

3. Applicants must be at least 18 years old and a citizen of the U.S. or a resident alien living in the State of Hawaii with a bona-fide intent to reside in the unit purchased.

4. Designated affordable units in the community will be offered for sale to eligible purchasers with incomes up to and including 120% of area median income using U.S. Department of Housing and Urban Development standards adjusted for family size for the City and County of Honolulu.

5. Applicants must abide by the applicable buy-back restriction attached as Exhibit 2 to this information circular (ten (10) years) regarding sales of affordable units at 'Ahakea as mandated in Unilateral Agreement and Declaration for Conditional Zoning, recorded as Document No. T-9254221 ("**UA**"), and the Affordable Housing Agreement applicable to the community. Renting, selling, leasing, offering to rent, sell, or lease, or changing title of an affordable housing unit are restricted under the Affordable Housing Rules. The UA and the Affordable Housing Agreement applicable to the community give the City an option to purchase the affordable unit sold to an eligible purchaser if the eligible purchaser seeks to rent, lease or sell the designated affordable unit, among other items, during the buy-back restriction period. If circumstances require you take one of these types of actions, you must first notify the City's Department of Budget and Fiscal Services ("**BFS**") at (808) 768-8652 and DRHH in writing of your circumstances and provide the City the option to purchase your unit as provided in the buy-back restriction. If BFS does not wish to repurchase your unit, the City may require you to rent, lease, or sell the unit to individuals who qualify as affordable unit purchasers/renters under the Affordable Housing Rules at a purchase price established in Sections 2-10(a) to (c) of the Affordable Housing Rules. DRHH has the right to enforce your promise to reside in your unit for the restriction period and the right to enforce any condition imposed by the City in connection with any approved rental, lease or sale of your unit. This means you can be prevented (and that DRHH can go to court to prevent you) from renting, leasing or selling your unit during the applicable restriction period. It also means that you may be able only to rent, lease or sell your unit to individuals who have first qualified as affordable unit purchasers/renters with the City.

6. The duration of the buy-back restriction period (i.e., the restrictions on transfer, use and sale of the designated affordable units currently being offered at 'Ahakea) is ten (10) years for all buyers regardless of the applicant's

median household income. Applicants must be owner-occupants at all times during the applicable buy-back restriction period.

7. Applicants must have the ability to finance the purchase with their own resources, including cash requirements and/or gift funds and qualifying for the mortgage loan.

8. Applicants must not have previously received assistance from a State or County agency to purchase an affordable unit, except in circumstances specifically permitted by the Director of DPP. Special application needs to be made for relief from this requirement.

9. The affordable units being offered include 2 bedroom/1.5 bath units, and 3 bedroom/2.5 bath units. The Affordable Housing Rules specify a minimum and maximum occupancy for 2 bedroom units of *2 to 5 persons,* and a minimum and maximum occupancy for 3 bedroom units of *3 to 7 persons*. Following an initial minimum marketing period of 90 days, DPP may consider, on a case by case basis, single member income qualified households as a purchaser of 2 bedroom units.

10. Applicant's Annual Gross Household Income must not exceed the maximum median household income based on family size listed on Exhibit 3 attached hereto for the applicable qualified buyer median household income category.

    As defined in Section 1.2 of the Affordable Housing Rules: "**Gross Household Income**" means generally the total annual income of the applicant or co-applicant/spouse and any other household member over 18 years of age not claimed as a dependent, from all sources before deductions. Among other items, Social Security and pension benefits, COLA, BAQ and VHA, among other military benefits, are considered income; AND "Household" means (1) a single person; (2) two or more persons regularly living together related by blood, marriage, adoption, or by operation of law; (3) a live-in aide, as recognized by the Director, who is essential to the care and well-being of a household member; or (4) no more than five unrelated persons who have lived together for at least a year, who execute an affidavit, and provide proof acceptable to the Director of DPP. Applicants claiming family size by reason of pregnancy must present a doctor's certificate at the time of the interview, which may be accepted by DPP.

11. Applicants are advised that the making of any false statements knowingly, in connection with this application is a crime punishable by a fine of up to $2,000.00 or imprisonment for up to one (1) year or both as applicable under the provisions of the Hawaii Penal Code, Part V, Section 710-1063.

12. During the buy-back restriction period, should buyer intend to rent, lease, sell or change title to their unit, they must first give notice to BFS, and BFS has first option to purchase the unit or require buyer to sell the unit to a "qualified resident" as described in Section 5-3 of the Affordable Housing Rules, at the price and upon terms that preserve the intent of Section 5-3 of the Affordable Housing Rules, and who is in the same income category as the original buyer at the time of the original sale, approved by BFS.

REQUIRED DOCUMENTS

The following buyer information forms are required by DRHH and DPP and must be filled out completely by all parties before they may participate in the lottery or must be provided in connection with the selection of a unit if a chronological offering system (first come first served) is used. DPP requires all developers including DRHH to submit new affordable housing applications and supporting documentation into its designated portal and is no longer accepting hardcopy affordable housing applications. DPP also requires all affordable housing applicants to use a specified form of affidavit and application. **To comply with DPP's requirements and in order for you to be eligible to participate in the lottery or chronological offering system, all affordable housing applications and required supporting documentation must be submitted to DRHH's FileCloud site in PDF format in the exact manner specified and by the deadline stated in instructions that will be provided to you by DRHH.** Applicants submitting incomplete forms will be disqualified from the lottery or may not be allowed to select a unit if a chronological system is used.

1. Affidavit of Eligibility for City-Regulated Affordable Housing Units and Application for City-Regulated Affordable Housing Units (11 pages total)
   Read and complete the necessary information. The affidavit must be signed by all applicants. Both the affidavit and application must be completely filled out prior to uploading. *You must upload the affidavit and application, together with all the specified personal data indicated below on the basis of answers to the application.* All information will be kept confidential and will be submitted to DPP and a lender for review and approval.

2. Photo ID of All Household Members, Birth Certificates for Children
   Upload photo IDs of all household members and birth certificates for children.

3. Pay Stubs or Other Documentation of Income
   Upload pay stubs for most recent two (2)-month period or other documentation of income, including Social Security and VA benefits.

4. Mortgage Pre-Qualification Letter
   Upload a mortgage pre-qualification letter from DHI Mortgage or other approved lender is required. You are not required to use DHI Mortgage and may use a lender of your choice.

5. Federal Tax Returns (Signed)
   Upload two (2) years of signed FEDERAL tax returns with all schedules. Income eligibility can be based on tax return information, the household's current payroll information or other DPP approved income verification forms. TAX RETURNS MUST BE SIGNED BY ALL PARTIES.

6. Bank Account Statements
   Upload bank account statements (ALL pages in series) for two (2) most recent months available.

7. Investment Account Statements
   If applicable, upload investment account statements (bonds, certificates of deposit, life insurance, mutual funds, real estate, and stock) for two (2) most recent months available.

8. Marriage Certificate
   If applicable, upload your marriage certificate if applicants were married within the past year and/or tax returns show different names.

9. Divorce Decree
   If applicable, upload your divorce decree(s) if applicant or co-applicant has been divorced at any time.

10. Real Estate
    If applicable, if the applicant previously had the majority interest in real estate, upload documentation that the property was sold.

11. No Intent to Work Statement
    If applicable, for any adult household member who is not a full-time student and is not generating income, upload a signed statement that a household member does not intend to work for a year.

12. Proof of Living Together
    If applicable, for single persons applying together to constitute a household of two or more, upload proof that applicants have been living together for at least one year.

13. Lottery Registration Form
    The Lottery Registration Form is available from the sales office and must be completed and returned to the sales office to participate in any lottery.

SALES PROCESS

1. All designated affordable units will be offered initially by either a lottery or chronological system for sale to pre-qualified applicants.

2. If a chronological offering system is used, applicants will meet with representatives of DRHH's community lender to preliminarily assess the applicant's appropriate income category and purchasing qualification.

3. Applicants wanting to participate in the lottery offering must complete and submit to DRHH ALL OF THE REQUIRED DOCUMENTS itemized above by the deadline (typically, at least 48 hours prior to the lottery) stated in instructions that will be provided to you by DRHH before the lottery. Applicants participating in a chronological offering must complete and submit the required documents at the time they select and enter into a contract for a unit. If an applicant does not fully complete the forms and upload them, *together with specified personal data required on the basis of answers to the Application for City-Regulated Affordable Housing Units (except for the Lottery Registration Form which must be returned to the sales office)*, they may not participate in either the lottery or chronological offering. In other words, if you do not upload these forms to DRHH within the time noted or return them with blanks, you may not participate in the lottery or chronological offering. DRHH, in consultation with an applicant's lender, will make a preliminary determination of an applicant's qualification to participate in the lottery or chronological offering, provided, however, DRHH's determination that an applicant is qualified is not binding on DPP.

4. If selected at the lottery or purchasing a unit by chronological system, an applicant may select an affordable unit to purchase, enter into a contract to purchase that unit, and make a deposit of $1,000 on the unit. Lottery applicants will have a limited period following the applicant's selection and notification from DRHH to enter a contract to purchase a unit and if the applicant does not enter into a sales contract within the permitted time, their selection will be cancelled. DRHH will assist applicants in the selection of their units. Applicant's deposit will be refundable pending DPP certification of the applicant's qualification to purchase an affordable unit.

5. All of applicant's completed forms and sales contract financing details will be submitted to DPP for its review and certification of an applicant's eligibility and qualification to purchase an affordable unit. The completed forms will also be reviewed by DRHH and the applicant's lender to determine eligibility and each applicant must be pre-qualified by their lender following entry into a sales contract. *In the event the applicant's gross income or family size is obviously outside the qualifying ranges, or the lender otherwise determines in its sole discretion the applicant is not eligible or qualified, DRHH will not submit such applicant's completed forms to DPP and the applicant's reservation will be cancelled and their deposit refunded.* If DPP fails to certify an applicant's eligibility and qualification within a reasonable time, the applicant's reservation will be cancelled and the deposit refunded. In that case, the affordable unit selected by applicant will (i) be offered to the next lottery participant or if by chronological system, the next person on the wait list, in each case, who has not been able to reserve an affordable unit, or (ii) be offered on a first-come, first-served basis to the next applicant or the next applicant who has a registered interest if an interest list is utilized.

6. Throughout this process, it is each applicant's responsibility to stay in touch with their lender to assure any Loan Pre-Qualification Letter remains valid. If the applicant's Loan Pre-Qualification Letter expires, the applicant's reservation may be cancelled and the selected unit will be offered to the next applicant as stated above.

IMPORTANT NOTES

1. **Before uploading a form, every blank must be filled in. If blanks do not apply to you, write the word "none" in the blank. Applicants uploading incomplete forms will be disqualified.**

2. **At all stages of the application process buyer is responsible for notifying DRHH of any changes in mailing addresses and telephone numbers.**

If you have any questions, please call DRHH's Ho'opili Sales Center at Pohaku Estates at **(808) 693-8004** (Oahu).

EXHIBIT 1
Chapter 3 Applicant Qualification
Affordable Housing Rules

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU
STATE OF HAWAII

AMENDMENT OF THE AFFORDABLE HOUSING RULES FOR UNILATERAL AGREEMENTS

Adopted February 12, 2010

CHAPTER 3

APPLICANT QUALIFICATION

§3-1 Eligibility Requirements: Application. A prospective purchaser or renter of an affordable housing unit in a project shall submit an application to the developer on a form and in the manner prescribed by DPP.

(Eff: FEB 2 8 2010 2010) (Auth: RCH §6-1504) (Imp: ROH §21-2.80)

§3-2 Eligibility Requirements: Criteria. To qualify, an applicant must meet the following eligibility requirements on the date the application is submitted:

(1) Be a citizen of the United States or a resident alien.

(2) Be at least eighteen years of age.

(3) Be domiciled in the State of Hawaii and have a bona-fide intent to reside in the affordable housing unit.

(4) Have sufficient gross household income to qualify for the loan to finance the purchase; or in the case of a rental, demonstrate an ability to pay rent as determined by the City and meet any additional criteria established by the City for the respective rental housing development for which the applicant is applying.

(5) The total household income shall not exceed the allowed annual household income for the target group as adjusted for size.

(6) Be a person who, either oneself or together with a household member, does not own or has not owned, for the one year preceding the date of application, and from date of application to escrow closing, a majority interest in fee simple or leasehold lands suitable for dwelling purposes, or majority interest in lands under any trust agreement or other fiduciary arrangement in which another person holds the legal title to such land.

(7) Be a household member who does not own and has not owned, for the one year preceding the date of application and from date of application to escrow closing, 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, HRS.

(8) Not be a person who previously has received assistance under a program designed and implemented by any State or county agency to assist persons to purchase affordable housing units.

Provided, however, that the Director may determine on a case by case basis that an applicant who currently owns a dwelling unit purchased with or without the assistance of such program is eligible to apply for assistance if there has been either:

(A) A significant change in household size as stated in §3-5; or

(B) An extreme hardship, such as divorce, death in the household, change in place of employment to Oahu from any other island in the State of Hawaii; and

Provided further, that the applicant sells the dwelling unit before escrow closing for the new affordable housing unit.

(9) If renting a unit under the Program, be a person who does not own, for the duration of the rental period, 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, HRS.

(10) If renting a unit under the Program, be a household member who does not own, for the duration of the rental period 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, HRS.

(11) Be an owner-occupant of the affordable housing unit during the restriction period and cannot rent out the unit during that time, except in unforeseen hardship circumstances (e.g. active military deployment, serious illness) which prevents the continued occupancy of the affordable housing unit. Hardship circumstances waivers would require the approval by the Director.

(Eff: FEB 2 8 2010) (Auth: RCH §6-1504) (Imp: ROH §21-2.80)

§3-3 Eligibility Requirements: Sole Application. The name of any applicant, co-applicant/spouse or any member of the household may only appear on one application for the project. The appearance of any one name on more than one application will be sufficient reason for DPP to disqualify all applications containing that name. However, if a large project is offered in several smaller phases, an applicant may apply for each phase of the project.

(Eff: FEB 2 8 2010) (Auth: RCH §6-1504) (Imp: ROH §21-2.80)

§3-4 Eligibility Requirements: Falsification. An applicant who has made an application for assistance and willfully submitted false information, made misstatements, or withheld necessary information, may be determined by DPP to be ineligible to purchase or to rent an affordable housing unit developed under the Program. The City shall not waive its right to recover any money wrongfully gained by the applicant or to any other recourse provided by law from an applicant determined to be ineligible pursuant to §3-1 through §3-4.

(Eff: FEB 2 8 2010) (Auth: RCH §6-1504) (Imp: ROH §21-2.80)

§3-5 Occupancy Requirements. For the purpose of maximizing the number of persons to be benefited by the Program by matching household size with the affordable housing unit type, based on the

number of bedrooms in the affordable housing unit, the occupancy requirement for each type of affordable housing unit is as follows:

Dwelling Unit Type	Occupancy Requirements
Studio	1-2 Persons
1 Bedroom	1-3 Persons
2 Bedroom	2-5 Persons
3 Bedroom	3-7 Persons
4 Bedroom	4-9 Persons

DPP may modify the occupancy requirements stated above in this Section if affordable housing units are unsold, unrented, or involves a live-in aide approved by the Director.
(Eff: FEB 2 8 2010 2010) (Auth: RCH §6-1504) (Imp: ROH §21-2.80)

§3-6 Income Limits. The income limits for a purchaser or a renter to qualify to apply for assistance under the Program shall be based upon the income levels determined and adjusted from time to time for the City and County of Honolulu by the United States Department of Housing and Urban Development, which income levels the City Council determines are applicable to the project and are stated in the unilateral agreement.

Income qualification of an applicant will be based on the applicant's gross household income, defined above in §1-2.
(Eff: FEB 2 8 2010 2010) (Auth: RCH §6-1504) (Imp: ROH §21-2.80)

§3-7 Income Verification. (a) The Gross Household Income of an applicant for benefits under the Program shall be certified by DPP or DPP's authorized agent prior to the transfer of title.

(b) DPP or DPP's authorized agent will determine the Gross Household Income and compliance with certain other eligibility requirements based on the households' current payroll information, latest income tax return(s), or other DPP approved income verification form(s) as required by DPP.

(c) In the case of rental units, a copy of the verification shall be retained in the developer's file for future review by DPP or DPP's authorized agent. Annual verification shall be made by reference to the

households' current payroll information, latest tax return(s), or other DPP approved income verification form(s). The documentation shall be retained by the developer and the developer shall provide access to such documentation to DPP or DPP's authorized agent at all reasonable times for later review.

(d) An eligible household may continue renting the affordable housing unit under continued occupancy when the household's income exceeds the maximum of the target group for the unit, provided, that the affordable rental unit is required to remain affordable for a rent restricted term under the unilateral agreement or affordable housing agreement.

A household may continue to occupy the affordable unit, provided, that the rent may be adjusted to a rate not to exceed the greater of the affordable rent or 30% of the household's income, adjusted by household's size, and number of bedrooms/baths. If the rental unit is vacated during the affordable housing agreement period, it must be rented to an eligible household to continue to be counted as an affordable housing unit.

(e) Live-in aide income may be excluded in qualifying eligible affordable housing recipients, based on HUD or other government guidelines. The exclusion of income would need to be approved by the Director.

(Eff: FEB 2 8 2010) (Auth: RCH §6-1504) (Imp: ROH §21-2.80)

§3-8 Eligibility Determination by DPP. In addition to fulfilling the requirements stated in §3-7, the developer shall submit to DPP or DPP's authorized agent the following supporting documents, in a form satisfactory to DPP, for the certification of the applicant's eligibility:

(1) Application for benefits under the Program pertaining to the project.

(2) Income and Income Limit Summary Sheet.

(3) Owner-Occupant Affidavit.

(4) If required by DPP, Real Property Disclosure Form and documents indicating applicant's interest.

(5) Deposit, Receipt, Offer and Acceptance Agreement, sales agreement, or agreement to rent.

DPP or DPP's authorized agent's determination of an applicant's eligibility shall be made as expeditiously as possible.
(Eff: FEB 2 8 2010 2010) (Auth: RCH §6-1504) (Imp: ROH §21-2.80)

§3-9 Non-Discrimination. There shall be no discrimination against any applicant.
(Eff: FEB 2 8 2010 2010) (Auth: RCH §6-1504) (Imp: ROH §21-2.80)

EXHIBIT 2
TEN (10) YEAR BUY-BACK RESTRICTION
(81% to 120% / 121% to 140% Qualified Buyers)

1. For a period of Ten (10) years after the purchase, whether by lease, assignment of lease, deed, or agreement of sale, if the original purchaser or subsequent owner wishes to transfer title to the unit, the City and County of Honolulu ("**City**") shall have the first option to purchase the real property. The City may purchase the unit outright, free and clear of all liens and encumbrances, and may require that all existing mortgages, liens, and encumbrances are satisfactorily paid by the purchaser, or the City may purchase the unit subject to an existing mortgage.

In any purchase proposed by the City to be made by transfer subject to an existing mortgage, the original purchaser or subsequent owner may refuse to sell to the City unless the City shall agree to assume and pay the balance on any first mortgage created for the purpose of enabling the original purchaser or subsequent owner to obtain funds for the purchase of the affordable housing unit and any other mortgages which were created with the approval and consent of the City. In such cases, the original purchaser or subsequent owner shall offer to sell the unit to the City at a price which shall be the difference between the Purchase Price and the principal balance of all mortgages outstanding and assumed by the City upon transfer of title to the City.

2. The original purchaser or subsequent owner shall notify the City of purchaser's or subsequent owner's intent to sell the unit (the "**Notice of Intent**") by sending a letter to the City at the following address:

City and County of Honolulu
Department of Budget and Fiscal Services
530 S. King Street, 2nd Floor
Honolulu, Hawaii 96813

The original purchaser or subsequent owner shall be responsible for establishing the fair market value of the affordable housing unit, and may do so by submitting along with the Notice of Intent in accordance with the Affordable Housing Rules, an appraisal of the unit not more than 60 days old.

3. Actions following the Notice of Intent:

3.1 The City shall respond to the Notice of Intent within forty-five (45) days of receipt as to whether the City will exercise its first option to purchase the unit.

3.2 THIS PROVISION 3.2 APPLIES ONLY IN THE EVENT THE CITY ELECTS TO PURCHASE SPECIFIED IN THE NOTICE OF INTENT. IF THE CITY PERMITS A RESALE OF THE UNIT TO ANOTHER QUALIFIED AFFORDABLE BUYER, SECTION 4 APPLIES. In the event the City elects to purchase the unit, the purchase price shall not be less than the following:

(a) The cost to the purchaser or subsequent owner;

(b) The cost of any improvements added by the purchaser; and

(c) 50% of the appreciation in value of the affordable housing unit.

As used herein, the term "cost to purchaser or subsequent owner" shall mean the purchase price, the reasonable costs of sale, and any negative amortization if the property was financed with a graduated-payment mortgage.

As used herein, the term "appreciation in value" shall mean the difference between the fair market value of the affordable housing unit and the purchase cost.

4. The City may decline to purchase the unit and instead require that the original purchaser or subsequent owner sell the unit to another qualified buyer within the same median household target income group for the City in which the original purchaser was qualified for purchase of the unit (which is reflected on the face page of the deed to the original purchaser), as defined by the City's then applicable rules, at a purchase price established as provided

in Sections 2-10(a) to (c) of the Affordable Housing Rules and on terms that preserve the intent of Section 5-3 of the Affordable Housing Rules approved by the City, it being understood for the avoidance of doubt that the terms stated in Section 3.2 above shall not apply in determining the purchase price, with any remaining balance of the time period of this Ten (10) Year Buy-Back Restriction applied to the transferee. In such event the original purchaser or subsequent owner may retain 100% of the appreciation in value of the unit, if any.

5. During the buy-back restriction period, only liens and mortgages consented to in advance by the City and created for the purpose of financing, refinancing, purchase of the fee, repayment of subsidy, maintenance and repair of the affordable housing unit or essential improvements, or other household expenditures of an emergency or life-threatening nature may be placed on the property.

6. The original purchaser and subsequent owner further acknowledge and agree that during the ten (10) year buy-back restriction period the following fees shall be assessed by the City in accordance with Ordinance 20-18, as the same may be amended from time to time:

(a) For-sale affordable dwelling units will be subject to an annual monitoring fee of $50 per unit.

(b) For-sale affordable dwelling units will be subject to a fee of $600 per unit each and every time the real property title of the unit changes.

(c) An applicant eligibility certification fee of $75 will be assessed for each application reviewed by the City.

(d) Resale of for-sale affordable dwelling units will be subject to a $600 fee per transaction.

7. After the end of the 10th year from the date of purchase, the original purchaser or subsequent owner may sell, lease or transfer the affordable housing unit to any person free from the buy-back restriction.

8. The transfer restrictions prescribed in this Ten (10) Year Buy-Back Restriction may be held in abeyance by the City, with any remaining balance of the time period applied to the transferee if:

(a) The original purchaser or subsequent owner 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 the provisions of this condition; or

(b) The City determines that the sale or transfer of an affordable housing unit would be at a price and upon terms that preserve the intent of this section without the necessity of the City to repurchase the unit.

9. This Ten (10) Year Buy-Back Restriction shall not apply in the case of the purchase of affordable housing units under a federally subsidized mortgage program that precludes making loans on homes that are subject to buy-back provisions, in general, or the buy-back provision provided herein, in particular.

10. The restrictions set forth herein shall be automatically extinguished and shall not attach in subsequent transfers of title when a mortgage holder or other party becomes the owner of an affordable housing unit pursuant to a mortgage foreclosure, foreclosure under power of sale, a conveyance in lieu of foreclosure following a default in the mortgage, or if the mortgage is assigned to the Secretary of the Department of Housing and Urban Development.

EXHIBIT 3
Affordable Housing Income Limit Tables

81% to 120%
Median Household Income

Maximum qualifying income (81% to 120% of the City and County of Honolulu's Median Household Income) based on family size as of May 15, 2026:

Family Size	1	2	3	4	5	6	7
Income Range	$129,360 (1bdrm)	$147,840 (1-2 bdrm)	$166,320 (1-3 bdrm)	$184,800 (2-3 bdrm)	$199,680 (2-3 bdrm)	$214,440 (3 bdrm)	$229,200 (3 bdrm)

NOTE: The current maximum qualifying income (81% to 120% of the City and County of Honolulu's Median Household Income) reported in this Exhibit is as of May 15, 2026, for a single member income household is $129,360 (studio and 1 bedroom). Following an initial marketing period of 90 days, DPP may consider, on a case by case basis, single income qualified households for the purchase of a 2 bedroom unit.

121% to 140%
Median Household Income

Maximum qualifying income (121% to 140% of the City and County of Honolulu's Median Household Income) based on family size as of May 15, 2026:

Family Size	1	2	3	4	5	6	7
Income Range	$150,920 (1 bdrm)	$172,480 (1-2 bdrm)	$194,040 (1-3 bdrm)	$215,600 (2-3 bdrm)	$232,960 (2-3 bdrm)	$250,180 (3 bdrm)	$267,400 (3 bdrm)

NOTE: The current maximum qualifying income (121% to 140% of the City and County of Honolulu's Median Household Income) as of May 15, 2026, for a single member income household is $150,920 (studio and 1 bedroom). Following an initial marketing period of 90 days, DPP may consider, on a case by case basis, single income qualified households for the purchase of a 2 bedroom unit.