



1550 RYCROFT STREET OWNER-OCCUPANT (RESERVED HOUSING) PRESALE ANNOUNCEMENT

This announcement is published by HIH Terrace Operating Company LLC, a Hawaii limited liability company (the "Developer"), to announce that 162 fee simple residential units in the RYCROFT TERRACE Condominium Project (the "Project") will be offered for sale only to prospective "owner-occupants" (as defined in Part V, Section B of Chapter 514B of the Hawaii Revised Statutes) who also meet certain eligibility requirements set forth in Kakaako Community Development District Mauka Area Rules, Chapter 22 of the Hawaii Administrative Rules (the "Mauka Area Rules"), and administered by Hawaii Community Development Authority ("HCDA").

The Project is located at 1550 Rycroft Street, Honolulu, Hawaii, and contains a total of 162 residential units. The 162 units are all designated as "Reserved Housing Units" under the Mauka Area Rules. The units will be offered and sold subject to various occupancy, income and other eligibility requirements, and will be owned subject to buyback and shared equity restrictions enforceable by the HCDA in accordance with the Mauka Area Rules. These requirements and restrictions are outlined below. More information about eligibility requirements and ownership and transfer restrictions is available in the Developer's Reserved Housing Application Package, which will be provided to prospective purchasers as set forth below.

Owner-Occupant Eligibility Requirements. To qualify as an eligible owner occupant buyer of a Reserved Housing Unit, a prospective buyer:

1. Must be a citizen of the United States or a resident alien;
2. Must be a bona fide resident of the State of Hawaii;
3. Must be at least of legal age;
4. Must not have a majority interest in a principal residence or a beneficial interest in a land trust on a principal residence within or without the State of Hawaii for a period of three years immediately prior to the date of application for a Reserved Housing Unit under Section 15-22-182 of the Mauka Area Rules;
5. If married, buyer's spouse must not have a majority interest in a principal residence or a beneficial interest in a land trust on a principal residence within or without the State of Hawaii for a period of three years immediately prior to the date of application for a Reserved Housing Unit under Section 15-22-182 of the Mauka Area Rules;
6. Must be the owner and occupant of the Reserved Housing Unit; and
7. Must not have previously purchased a Reserved Housing Unit under the Mauka Area Rules (provided, however, that in some circumstances, a current owner of a Reserved Housing Unit may apply to purchase a larger Reserved Housing Unit, as set forth in Section 15-22-182(c) of the Mauka Area Rules).

Income and Asset Restrictions. In addition to the foregoing eligibility requirements, an eligible owner-occupant buyer's maximum annual adjusted household income must not exceed \$80,950 for a family of only one person, or \$92,500 for a family of two persons, or \$104,100 for a family of three persons, or \$115,650 for a family of four persons. "Adjusted household income" means the total income, before taxes and personal deductions, received by all members of the prospective buyer's household, including (but not limited to) wages, social security payments, retirement benefits, unemployment benefits, welfare benefits, and interest and dividend payments (but not including business deductions). Also, to be an eligible owner-occupant buyer, the buyer's assets must not exceed \$101,188 for a family of one person, or \$115,625 for a family of two persons, or \$130,125 for a family of three persons, or \$144,563 for a family of four persons. "Assets" include, but are not limited to, all cash, securities, and real and personal property at current fair market value, less (i) any outstanding liabilities secured by such assets, and (ii) any retirement accounts, and (iii) gift to assist in unit down payments.

Sixteen (16) Units will be set aside for an eligible owner-occupant buyer whose maximum annual adjusted household income must not exceed \$57,800 for a family of only one person, or \$66,100 for a family of two persons, \$74,350 for a family of three persons, or \$82,600 for a family of four persons. To be an eligible owner-occupant buyer of one of the reserved sixteen (16) Units, the buyer's assets must not exceed \$72,250 for a family of only one person, or \$82,625 for a family of two, or \$92,938 for a family of three persons, or \$103,250 for a family of four.

Transfer and Shared Equity Requirements. If the buyer of a Reserved Housing Unit wishes to transfer title to the unit within a period of ten years after the buyer acquires the unit, the HCDA will have a first option to purchase the unit under certain conditions and at a sales price based on a formula set forth in Section 15-22-186(c) of the Mauka Area Rules. If the buyer sells the Reserved Housing Unit after the ten-year buyback period, or the HCDA elects not to repurchase the unit within the buyback period, the HCDA shall be entitled to receive a share of the equity in the unit according to a formula set forth in Section 15-22-187, of the Mauka Area Rules.

The 162 designated owner-occupant Reserved Housing Units (including the current price ranges and applicable shared equity amounts for the units) are more particularly described as follows:

Reserved Housing Unit Numbers	Unit Type	Net Living Area*	Unit Price Range**	Unit Shared Equity Amount Range***
116, 117	Studio/1 Bath No Parking****	321 sq.ft.	\$124,480-\$126,480	\$29,520 - \$31,520
210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 322, 323, 324, 325, 413, 415, 417, 419, 421, 423	Studio/1 Bath No Parking	304 sq.ft.	\$123,480-\$125,480	\$29,540 - \$35,520
410, 411, 412, 414, 416, 418, 420, 422, 424, 425, 510, 511, 512, 513, 514, 515, 516, 517, 518, 529, 520, 521, 522, 523, 524, 525	Studio/1 Bath with Parking	304 sq.ft.	\$149,480 - \$154,480	\$31,520 - \$33,520
102, 103, 104, 105, 106, 107, 108, 119 120, 121, 122, 123, 124, 125	1Bdrm/1 Bath with Lanai with Parking	495 sq.ft.	\$205,550	\$40,450 - \$43,450
110, 111, 112, 113, 114, 115	1Bdrm/1 Bath no Lanai with Parking	616 sq.ft.	\$208,480-\$210,480	\$43,520 - \$45,520
202, 203, 204, 205, 206, 207, 208, 227, 227, 228, 229, 230, 231, 232, 233, 302, 303, 304, 305, 306, 307, 308, 327, 328, 329, 330, 331, 332, 333, 402, 403, 404, 405, 406, 407, 408, 427, 428, 429, 430, 431, 432, 433, 502, 503, 504, 505, 506, 507, 508, 527, 528, 529, 530, 531, 532, 533	1Bdrm/1 Bath no Lanai with Parking	520 sq.ft.	\$202,300-\$207,300	\$43,700 - \$47,700
101, 109, 118, 126	2Bdrm/1 Bath with Lanai with Parking	649 sq.ft.	\$266,900	\$51,100 - \$54,100
201, 209, 226, 234, 301, 309, 326, 334, 401, 409, 426, 434, 501, 509, 526, 534	2Bdrm/1 Bath no Lanai with Parking	737 sq.ft.	\$269,950 - \$274,950	\$58,050 - \$59,050

* (The foregoing areas are in square feet and have been rounded up to the nearest whole square foot and may differ slightly from the areas disclosed in the Public Report for the Project.)

** (These price ranges are subject to change by the Developer prior to entering into binding sales contracts.)

*** (These amounts were determined based upon the price range estimates shown above and current market prices, and according to the provisions of Section 15-22-187 of the Mauka Area Rules. Actual unit shared equity amounts may be higher, depending on market prices at the time of actual sale. The determination of the unit shared equity amount will be determined by a formal appraisal completed prior to closing.)

**** (120 units are being offered with one parking stall each, included in the pricing above. Forty (42) studio units are being offered without a parking stall and have been priced accordingly. A prospective buyer of a unit being offered with a parking stall may elect not to purchase a stall and will receive a \$25,000 price reduction. Any stall made so available will in turn be offered to the purchasers of units that have not yet been assigned a parking stall for a purchase price of \$25,000.)

The sale of the 162 Reserved Housing Units in the Project will be offered on a "first-come first-served" chronological basis: (1) in the order in which a prospective buyer submits a COMPLETED Reserved Housing Application Package, and (2) only to those qualified persons with the maximum annual adjusted income that is 140% or less than the annual median income established by the U.S. Department of Housing and Urban Development ("HUD") for the area. Prospective buyers who have submitted a completed Reserved Housing Application Package and who have met the HUD median income qualifications, will be placed on the selection list in chronological order and in the following order of priority: first, to purchasers at or below 100% of HUD median income (starting at 30% of HUD median income); second, to purchasers at 100% to 110% of HUD median income; third, to purchasers at 111% to 120% of HUD median income; fourth, to purchasers at 121% to 130%; and fifth, to purchasers at 131% to 140% of HUD median income. Accordingly, during the initial four week offering period, eligible buyers in the lowest median income group above will have the first opportunity to select a unit in chronological order of submission by that group of the Reserved Housing Package. If units remain after the buyers in the lowest median income group have selected their units, eligible buyers in the next lowest median income group above will have the opportunity to select a unit chronological order of submission by that group of the Reserved Housing Package. Unit offerings will continue in such a fashion to increasingly higher income groups until all units are sold, provided, however that no units will be sold to any buyer with a median income greater than 140% of HUD median income.

The Reserved Housing Application Package will contain: (1) the Rycroft Terrace Reserved Housing Owner-Occupant Registration Agreement, (2) the Affidavit of Intent to Purchase and Reside in a Designated Owner-Occupant Reserved Housing Residential Unit, (3) the Affidavit of Eligibility to Purchase a Reserved Housing Unit in the Rycroft Terrace, (4) Information from each of the approved project lenders; (5) a Uniform Residential Loan Application Form; and (6) a sample Pre-Qualification Letter from an approved project lender.

Reserved Housing Application Packages may be obtained starting Saturday, 4/26/14 at 12-Noon at Sales Office, 1550 Rycroft St., #C-2, Honolulu, HI. Reserved Housing Application Packages will not be available prior to Saturday, 4/26/14, so please do not attempt to obtain packages prior to that date. After you receive your Reserved Housing Application Package, read through the Eligibility Requirements carefully to make sure that you meet all of the requirements before you proceed to the next step. In order to be eligible, prospective buyers must complete all the items in the Reserved Housing Application Package; select a lender from the approved lenders: First Hawaiian Bank and Honolulu HomeLoans; and obtain a pre-qualification letter.

The earliest date that a completed Reserved Housing Application Package can be returned is Saturday, 5/17/14 at 8:00a.m. at Sales Office, 1550 Rycroft St., #C-2, Honolulu, HI. **ALL BUYERS MUST HAND DELIVER** your completed Reserved Housing Application Package with your required supporting documentation to the Sales Office, 1550 Rycroft St., #C-2, Honolulu, HI between the hours of 8:00 a.m. and 5:00 p.m. (Normal office hours are 12-Noon - 5:00 p.m.) beginning 5/17/14, and ending on 5/25/14. The Seller will not and cannot pre-view or preapprove any Reserved Housing Application Package prior to the initial "turn-in" date and time.

Unit selection order will be established on a chronological "first-come first-served" system based on the order in which an eligible prospective buyer submits a COMPLETED Reserved Housing Application Package. If you have submitted a completed Residential application package, you will be given a number that establishes your place, in chronological order, to select a Reserved Housing Unit. The Unit Selection Event(s) will take place on 5/24/14 at Sales Office, 1550 Rycroft St., #C-2, Honolulu, HI. Starting at 8:00 a.m., prospective buyers with numbers 1 through 162 will be given an opportunity to select a designated Reserved Housing Unit and sign a purchase contract.

Following the Initial Offering Period, any remaining Reserved Housing Units will be offered on a "first-come first-serve" chronological basis in the order in which a prospective buyer submits a COMPLETED Reserved Housing Application Package.

Prospective buyers must attend the Unit Selection Event in person and also bring the following to the Unit Selection Event:

- (a) An initial deposit in the amount One Thousand and No/100 Dollars (\$1,000.00) will be required at the time of signing of the purchase contract. Only personal or cashier's checks made out to Title Guaranty Escrow Services, Inc. are acceptable. Wired funds will not be accepted. If you use a personal check to pay the initial deposit and that personal check is subsequently returned on account of insufficient funds, then, and in such event, your purchase contract will be cancelled.
- (b) A valid Hawaii State ID for all prospective buyers.

Information about the Project, HCDA eligibility requirements and restrictions, copies of the Reserved Housing Application Package and other project documents may be obtained at Sales Office, 1550 Rycroft St., #C-2, Honolulu, HI between the hours of 12-noon and 5:00 p.m. each day beginning 4/26/14 and ending at 5:00 p.m. on Sunday, 5/25/14. For further information, contact the Project Sales Hotline at (808) 445-9030.

This announcement was prepared in compliance with the terms of the Mauka Area Rules. However, in the event of a conflict between this announcement and the Mauka Area Rules, the terms of the Mauka Area Rules shall prevail.

RESERVED HOUSING APPLICATION PACKAGE CAN BE RETURNED STARTING Saturday, 5/17/14, 2014 at 8:00 a.m.