

Owner-Occupant Presale Announcement For Reserved Housing Units

This announcement is published pursuant to Section 514B-95.5 of the Hawaii Revised Statutes, as amended, and Section 15-22-183(c) of the Kaka'ako Community Development District Mauka Area Rules codified under Title 15, Subtitle 4, Chapter 22 of the Hawaii Administrative Rules (the "Mauka Area Rules") and administered by the Hawaii Community Development Authority ("HCDA"), to inform prospective owner-occupant purchasers that AALI, LLC, a Delaware limited liability company ("Developer"), will be offering for sale units in a fee simple condominium project to be located at 987 Queen Street, Honolulu, Hawaii 96814, to be known as 'AALI', and to be marketed as "'Aali'" (the "Project"). The land on which the Project is located is identified by Tax Map Key Nos. (I) 2-3-002:107. The Project contains a total of 751 fee simple residential condominium units and one (1) commercial unit.

An effective date for a Developer's Public Report for the Project was issued by the Real Estate Commission of the State of Hawaii on August 17, 2017.

This announcement covers the 150 residential units listed below that are designated as "Reserved Housing Units" pursuant to the Mauka Area Rules and Planned Development Permit No. KAK 16-075 issued by HCDA on January 13, 2017. The Reserved Housing Units will be offered and sold subject to various occupancy, income, and other eligibility requirements, as well as buy-back rights and equity sharing restrictions in favor of HCDA. These requirements are outlined below.

Pursuant to the Hawaii Revised Statutes, for a thirty-day period commencing on the day following the date upon which this owner-occupant presale announcement is first published, at least fifty percent (50%) of the residential units being marketed for sale shall be offered only to prospective owner-occupants. Developer has designated one hundred percent (100%) of the residential units being offered in this phase as being initially for sale to prospective owner-occupants who are "Qualified Persons" (defined below).

The Reserved Housing Units being marketed in this first phase are as follows:

Reserved Housing Unit Numbers	Unit Type	Bedroom/ Bath	Approx. Net Living Area (Sq. Ft.)*	Unit Sales Price Range		Unit Shared Equity Amount	
				With Parking**	Without Parking**	With Parking	Without Parking
201, 301, 401, 501, 601, 701, 203, 303, 403, 503, 603, 703, 205, 305, 405, 505, 605, 705, 207, 307, 407, 507, 607, 707, 209, 309, 409, 507, 609, 709, 211, 311, 411, 511, 611, 711, 213, 313, 413, 513, 613, 713, 215, 315, 415, 515, 615, 715, 217, 317, 417, 517, 617, 717, 219, 319, 419, 519, 619, 719	OB-P	0 Bed/1 Bath	277	\$286,465 to \$371,505	\$271,465 to \$356,505	\$97,495 to \$157,535	\$66,995 to \$127,035
907, 1007, 1107, 1207, 1307, 1407, 1507, 1607, 1707, 1807, 1907, 2007, 2107, 2207, 2307, 2407, 2507, 2607, 2707, 2807, 2907, 3007, 3107, 3207, 3307, 3407, 3507, 3607, 3707, 3807, 3907, 4007, 4107	1B-A	1 Bed/1 Bath	430	\$374,800 to \$462,114	\$359,800 to \$447,114	\$164,200 to \$172,886	\$133,700 to \$142,386
911, 1011, 1111, 1211, 1311, 1411, 1511, 1611, 1711, 1811, 1911, 2011, 2111, 2211, 2311, 2411, 2511, 2611, 2711, 2811, 2911, 3011, 3111, 3211, 3311, 3411, 3511, 3611, 3711, 3811, 3911, 4011, 4111	1B-B	1 Bed/1 Bath	466	\$400,000 to \$487,314	\$385,000 to \$472,314	\$149,000 to \$157,686	\$118,500 to \$127,186
216, 316, 416, 516, 616, 1716	1B-A8	1 Bed/1 Bath	509	\$296,410 to \$320,707	\$281,410 to \$305,707	\$268,590 to \$288,590	\$238,090 to \$258,090
204, 304, 404, 504, 604, 704	1B-E	1 Bed/1 Bath	557	\$345,004 to \$442,193	\$330,004 to \$427,193	\$160,807 to \$232,996	\$130,307 to \$202,496
200, 300, 400, 500, 600, 700	1B-G	1 Bed/1 Bath	559	\$345,004 to \$442,193	\$330,004 to \$427,193	\$162,807 to \$234,996	\$132,307 to \$204,496
212, 312, 412, 512, 612, 712	1B-H	1 Bed/1 Bath	582	\$345,004 to \$442,193	\$330,004 to \$427,193	\$172,807 to \$244,996	\$142,307 to \$214,496

\*The areas listed above are in square feet and have been rounded to the nearest whole square foot and may differ slightly from the areas described in the Public Report for the Project.  
\*\* The Unit Sales Price Ranges listed above are current as of the date of this published announcement.

As of the date of this announcement, Developer's best estimate of the minimum price of a designated Reserved Housing Unit is \$286,465.

QUALIFICATIONS TO PURCHASE A RESERVED HOUSING UNIT

Developer will offer Reserved Housing Units in the Project for sale to prospective owner-occupants who are "Qualified Persons". A Qualified Person means a person who meets all of the following eligibility requirements:

- 1. Is a United States citizen or resident alien;
- 2. Is a bona fide resident of the State of Hawaii;
- 3. Is at least of legal age (18 years old);
- 4. Does not have a majority interest in a principal residence or a beneficial interest in a land trust (as such term is defined in Section 15-22-181 of the Mauka Area Rules) on a principal residence within or without the State of Hawaii for a period of three (3) 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, whose spouse does not have a majority interest in a principal residence or a beneficial interest in a land trust (as such term is defined in Section 15-22-181 of the Mauka Area Rules) on a principal residence within or without the State of Hawaii for a period of three (3) years immediately prior to the date of application for a Reserved Housing Unit under Section 15-22-182 of the Mauka Area Rules;
- 6. Shall be the owner and occupant of the Reserved Housing Unit; and
- 7. Has never before purchased a reserved housing unit under the Mauka Area Rules (provided, however, that in certain circumstances and subject to the approval of the executive director of HCDA, a current owner of a reserved housing unit may apply to purchase a larger reserved housing unit).

The following states the income limits and asset limits by household size for the Project\*:

Household Size by No. of Persons	Median Income	Income Limit (140% of Median Income)	Asset Limit (125% of applicable income)
1	\$67,200	\$94,100	\$117,625
2	\$76,800	\$107,500	\$134,375
3	\$86,400	\$120,950	\$151,188
4	\$96,000	\$134,400	\$168,000
5	\$103,700	\$145,150	\$181,438
6	\$111,350	\$155,900	\$194,875
7	\$119,050	\$166,650	\$208,313
8	\$126,700	\$177,400	\$221,750

\*Based on figures issued by the United States Department of Housing and Urban Development in 2018 for Honolulu County, as interpreted by HCDA.

RESTRICTIONS ON OWNERSHIP, USE AND TRANSFER;  
SHARED EQUITY REQUIREMENTS

Pursuant to Section 15-22-186 of the Mauka Area Rules, the transfer of a Reserved Housing Unit shall be regulated for a minimum number of years following the original sale of the Unit (the "Regulated Term"). The length of the Regulated Term is based on unit affordability, as determined by standard household sizes established in Section 15-22-185 of the Mauka Area Rules and affordability criteria set forth in Section 15-22-185.1 of the Mauka Area Rules. The Reserved Housing Units in the Project will have the following Regulated Terms:

- Reserved Housing Units affordable to Qualified Persons with adjusted household incomes of 100% to 119% of median income shall be regulated for five (5) years;
- Reserved Housing Units affordable to Qualified Persons with adjusted household incomes of 120% to 140% of median income shall be regulated for two (2) years.

Reserved Housing Units shall be occupied by the prospective owner-occupant at all times during the Regulated Term. If a prospective owner-occupant fails to occupy the Reserved Housing Unit or wishes to transfer title to the Reserved Housing Unit during the Regulated Term, HCDA shall have the first option to purchase the Reserved Housing Unit under certain conditions and at a sales price based upon a formula set forth in Section 15-22-186(c) of the Mauka Area Rules. If the prospective owner-occupant sells the Reserved Housing Unit after the Regulated Term, or if HCDA elects to not repurchase the Reserved Housing Unit during the Regulated Term, HCDA shall be entitled to receive a share of the equity in the Reserved Housing Unit in accordance with a formula set forth in Section 15-22-187 of the Mauka Area Rules. The Reserved Housing Unit shall also be subject to certain rental restrictions during the Regulated Term.

PERMISSIBLE HOUSEHOLD SIZES

Pursuant to Section 15-22-185 of the Mauka Area Rules, the permissible household sizes for the Reserved Housing Units are as follows:

Unit Size	Permissible Household Size	Standard Household Size
0 bedroom	1-2 persons	1 person
1 bedroom	1-3 persons	2 persons
2 bedrooms	2-5 persons	4 persons
3 bedrooms	3-7 persons	5 persons
4 bedrooms	4-9 persons	6 persons

UNIT SELECTION PROCESS

The 150 Reserved Housing Units in the Project will be offered for sale to Qualified Persons through a public lottery (the "Lottery") to be held on June 29, 2018 at 9:00am at the 'Aali' Sales Gallery located at 1240 Ala Moana Boulevard, Suite 100, Honolulu, Hawaii 96814. To be eligible to participate in the Lottery, applicants must submit a completed application to purchase a Reserved Housing Unit ("Reserved Housing Application") to the 'Aali' Sales Gallery between June 22, 2018 at 10:00am and June 27, 2018 at 11:59pm. A completed Reserved Housing Application shall include the following, all of which must be fully completed and executed by all prospective purchasers:

- 1. Notarized Affidavit of Intent to Purchase and Reside in a Designated Owner-Occupant Reserved Housing Residential Unit;
- 2. Notarized Affidavit of Eligibility to Purchase a Reserved Housing Unit in the 'AALI' Condominium Project;
- 3. 'AALI' Registration Agreement - Reserved Housing Owner-Occupant; and
- 4. Loan Pre-Qualification Letter provided by Bank of Hawaii, First Hawaiian Bank or Honolulu Home Loans.

INCOME AND ASSET LIMITS

In addition to the foregoing eligibility requirements, the adjusted household income of a Qualified Person purchasing a Reserved Housing Unit shall not exceed one hundred forty percent (140%) of median income, as set forth in the table below. For purposes of this requirement, "adjusted household income" means the total income, before taxes and personal deductions, received by all members of the eligible borrower's household, including, but not limited to, wages, social security payments, retirement benefits, unemployment benefits, welfare benefits, interest and dividend payments, but not including business deductions. The adjusted household income is based on the income earned during the most recent calendar year preceding date of application to purchase a Reserved Housing Unit for which copies of filed state or federal tax returns are available. "Median income" means the median annual income, adjusted for household size, for households in the City and County of Honolulu as most recently established by the United States Department of Housing and Urban Development for the Section 8 Housing Assistance Payments Program.

Also, the assets of a Qualified Person purchasing a Reserved Housing Unit shall not exceed one hundred twenty-five percent (125%) of the applicable income limit by household size, as set forth in the table below. For purposes of this requirement, "assets" include, but are not limited to, all cash, securities, and real and personal property at current fair market value, less (a) any outstanding liabilities secured by such assets, and (b) any retirement accounts and gifts to assist in unit down payments.

Reserved Housing Application packets may be obtained from the 'Aali' Sales Gallery located at 1240 Ala Moana Boulevard, Suite 100, Honolulu, Hawaii 96814. For your convenience, the application packet will also be available at <http://www2.wardvillage.com/aalireserved>. Packets will be available at the Sales Gallery and online starting on June 9, 2018 at 10:00am through June 17, 2018 at 5:00pm. Sales Gallery open daily 10:00am to 5:00pm. Applications will not be available after June 17th, 2018 at 5:00pm. Prospective purchasers should carefully review the information contained in the Reserved Housing Application packet to determine whether all eligibility requirements are met.

The earliest date that completed Reserved Housing Applications will be accepted is June 22, 2018 at 10:00 am (Not less than 14 days after this notice is published.) Reserved Housing Applications will not be accepted prior to this time. **Applications must be hand-delivered to the 'Aali' Sales Gallery between June 22, 2018 at 10:00am and June 27, 2018 at 11:59pm to be eligible to participate in the Lottery.** Only substantially complete applications will be accepted. Applications delivered by email, facsimile, mail or courier will not be accepted.

Only those qualified prospective purchasers who have submitted a completed Reserved Housing Application by 11:59pm on June 27, 2018 will be included in the Lottery. Based upon the unit selection order as determined by the Lottery, qualified prospective purchasers will be assigned a Unit Selection Number that establishes the sequential order in which a prospective purchaser will be eligible to select a Reserved Housing Unit for purchase and execute a sales contract at a subsequent Unit Selection Event. Prospective purchasers do not need to be present at the Lottery to be assigned a Unit Selection Number and invited to attend a Unit Selection Event.

There will be multiple Unit Selection Events to accommodate all qualified prospective purchasers who are assigned a Unit Selection Number and wish to purchase a Reserved Housing Unit. The Unit Selection Events will be held at the 'Aali' Sales Gallery located at 1240 Ala Moana Boulevard, Suite 100, Honolulu, Hawaii 96814 from June 30, 2018 through July 2, 2018, as may be necessary, with unit selection appointment times to be assigned between the hours of 9:00am and 6:00pm Prospective purchasers must attend in person the Unit Selection Event applicable to their assigned Unit Selection Number, as determined by the Lottery.

Prospective purchasers must bring to the Unit Selection Event an initial deposit in the amount of \$500.00, which will be required to be paid at the time of executing a sales contract for a Reserved Housing Unit. Only personal or cashier's checks made payable to Title Guaranty Escrow Services, Inc. shall be accepted. Wired funds will not be accepted. If a personal check is used to pay the initial deposit and that personal check is subsequently returned on account of insufficient funds, then, in such event, the sales contract to which the initial deposit was to be applied will be cancelled.

Prospective purchasers who were assigned a Unit Selection Number at the Lottery, but who did not have an opportunity to select one of the designated Reserved Housing Units for purchase, shall be placed on a back-up reservation list in sequential order, as determined by their Unit Selection Number. Should there be any unsold Reserved Housing Units remaining after all of the Unit Selection Events, Developer will contact prospective purchasers in the order in which they are listed on the back-up reservation list to offer them an opportunity to purchase any of the remaining, unsold Reserved Housing Units. This process shall continue until all Reserved Housing Units in the Project are sold.

Any interested person may contact the 'Aali' Sales Gallery between the hours of 10:00am and 5:00pm daily at 1240 Ala Moana Boulevard, Suite 100, Honolulu, Hawaii 96814 or (808) 457-1216 to secure a Reserved Housing Application packet, an owner-occupant affidavit, the Developer's Public Report, a sample sales contract, and to obtain any other information concerning the Project. The application packet will also be available online at [www2.wardvillage.com/aalireserved](http://www2.wardvillage.com/aalireserved).

1 Although repealed, the sections of the Mauka Area Rules continue to apply to this project, as those sections existed at the time of project approval by HCDA.

This announcement is intended to comply with the terms and provisions of the Mauka Area Rules. To the extent of any conflict between this announcement and the Mauka Area Rules, the Mauka Area Rules shall prevail.