REAL ESTATE COMMISSION
PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES
STATE OF HAWAII
1010 RICHARDS STREET
P. O. BOX 3469
HONOLULU, HAWAII 96801

PRELIMINARY
HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

on

HILO ROYAL APARTMENTS
Kukuau Street
Hilo, Hawaii

REGISTRATION NO. 358

IMPORTANT — Read This Report Before Buying

This Report Is Not an Approval or Disapproval of This Condominium Project

It reflects information obtained by the Real Estate Commission in its investigation of the project. This report, based on a principle of disclosure, is issued by the Commission for the purpose of preventing fraud, misrepresentation or deceit.

The developer shall not enter into a binding contract or agreement for the sale of any unit in a Condominium Project but may only take reservations therefore after

(1) A copy of this Report has been given to the prospective purchaser,
(2) The latter has been given an opportunity to read same, and,
(3) His receipt taken therefor.

Issued: December 30, 1970
Expires: January 30, 1972

SPECIAL ATTENTION

A comprehensive reading of the report is urged in order that personal requirements and expectations to be derived from the property can be ascertained. The attention of the purchaser and prospective purchaser is particularly directed to the following:

THE REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED NOVEMBER 23, 1970, AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS LATE AS DECEMBER 23, 1970. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY REGIMES LAW (Chapter 514, Hawaii Revised Statutes).

1. The registration is in compliance with the requirements of the law and regulations. The Developer has given the Commission adequate information on its intention to offer the described and proposed dwelling units for sale.

2. Hilo Royal Apartments is a proposed leasehold residential condominium consisting of twenty-seven (27) residential apartment units situated in two three-story buildings located on 22,948 square feet of land. Individual parking stalls will be available for each of the 27 residential units. Purchasers will receive direct apartment leases from the fee owner of the property.

3. No advertising or promotional matter has been submitted pursuant to the rules and regulations promulgated by the Commission.

4. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514, Hawaii Revised Statutes, and the Condominium Rules and Regulations which relate to Horizontal Property Regimes.

5. The Developer of the project has submitted to the Commission for examination all documents deemed necessary for the registration of the condominium project and the issuance of this Preliminary Public Report.

6. The basic documents (the Declaration of Horizontal Property Regime and the covenants, restrictions and By-Laws and a copy of the approved Floor Plans) have not been filed in the office of the recording officer. The Developer reports that the basic documents will be filed in the Bureau of Conveyances, State of Hawaii, prior to commencement of construction.

7. This Preliminary Public Report is made a part of the registration on Hilo Royal Apartments condominium project. The Developer has the responsibility of placing a true copy of this Preliminary Public Report (yellow paper stock) in the hands of all purchasers and prospective purchasers. Securing a signed copy of the Receipt for the Final Horizontal Property Regime Public Report from each purchaser and prospective purchaser when it is issued is also the responsibility of the Developer.

8. This Preliminary Public Report automatically expires thirteen (13) months from the date of issuance, December 30, 1970, unless a supplementary report is published or the Commission, upon review of the registration, issues an order extending the effective period of this report.

NAME OF PROJECT: HILO ROYAL APARTMENTS

LOCATION: The project is located on Kukuau Street, Hilo, County and State of Hawaii, situated on a lot containing an area of approximately 22,948 square feet.

TAX KEY: Third Division 2-2-08:02 and 03

ZONING: General Commercial

DEVELOPER: The Notice of Intention reveals the Developer to be a partnership known as Royal-CIC, consisting of Herman Rosen of 1370 South Beretania Street and Capital Investment of Hawaii, Inc. of 239 Merchant Street as general partners.

The Developer has filed with the Commission a copy of an Authorization and Power of Attorney affidavit, made December 15, 1970, authorizing John J. Pietsch, of Honolulu, Hawaii, to act as agent for Royal-CIC, to do and perform all and every act and thing whatsoever requisite and necessary to be done in connection with the development and sale of the Hilo Royal Apartments condominium project. Said Authorization and Power of Attorney has not been recorded in the Office of Registrar of Conveyances of the State of Hawaii.

ATTORNEY REPRESENTING DEVELOPER: Ted T. Tsukiyama, 887 Kendall Building, 888 Mililani Street, Honolulu, Hawaii 96813, telephone 531-5032.

DESCRIPTION OF PROJECT: This is a leasehold residential condominium apartment project consisting of twenty-seven (27) separate apartment units designated or known respectively from 101 through 109, 201 through 209 and 301 through 309. The 27 units are located 9 apartments to each floor in two apartment buildings consisting of three stories each in height. The two apartment buildings are built around a central landscaped courtyard and surrounded by lawn, landscaping and a parking area for 27 parking stalls.

There are three types of apartments, viz.: Types "A", "B" and "C", respectively. Type A apartments consist of two bedrooms, a living-dining room, kitchen, bath, two wardrobes, linen closet and entry and have a floor area of 702 square feet.

Type B and C apartments consist of one bedroom, living-dining room, kitchen, bath, linen closet and entry and will have a floor area of 582 square feet.

Apartments 101 through 109 are located on the ground floor and have direct access to the land, and all other apartments have accesses through entry corridors and stairways appurtenant to the respective apartments as common elements, each apartment has one parking stall appurtenant thereto, numbered to correspond to the apartment number, as shown on the condominium map.

The apartment buildings will be constructed of reinforced concrete footings and ground floor slab, wood beams, wood stud walls with gypsum board sheeting and 3/8" plyboard exterior and 5/8" gypsum board interior, plywood floors on the second and third stories, gypsum board ceilings, wood stairs and entry corridor, and galvanized corrugated metal roof. Each apartment floor will be carpeted except kitchen and bath will be covered with vinyl asbestos tile.

All interior surfaces, appliances, carpets and drapes and all foundations, slabs, electrical fixtures, conduits and wiring, plumbing fixtures and rough plumbing within each apartment unit are the property of each apartment owner.

COMMON ELEMENTS: The specimen Declaration states that within the condominium project, the apartment owners of each unit will have the use of certain common elements which will include (a) use of the project land in common with all owners; (b) all foundations, columns, beams, supports, main walls, corridors, exterior walls, partition walls between apartments, floors and ceilings; (c) the utility area adjacent to Apartment 106 and the washer-dryer installed therein and outdoor lighting; (d) all central and appurtenant installation for services such as power, light, telephone, gas, hot and cold water, television, sewage disposal and other utilities, and all tanks, pumps, motors, fans, compressors and other apparatus and installations existing for common use; (e) all other apparatus, devices or installations upon the land existing for or rationally of common use to, or necessary or convenient to the existence, maintenance or safety of all apartments in the project; and (f) all money and property, real and personal, acquired and held by the Association of Apartment Owners or the Board of Directors or their agents for the administration, maintenance, safety and operation of the common elements of the regime or for the common use and benefit of the apartment owners.

PERCENTAGE OF UNDIVIDED INTEREST: The specimen Declaration reflects that the percentage of undivided interest in all of the common elements appertaining to each unit and the interest purchased by each owner for all purposes shall be:

Apt. 101 - 4.28%	Apt. 201 - 4.27%	Apt. 301 - 4.27%
Apt. 102 - 3.54%	Apt. 202 - 3.54%	Apt. 302 - 3.54%
Apt. 103 - 3.54%	Apt. 203 - 3.54%	Apt. 303 - 3.54%
Apt. 104 - 3.54%	Apt. 204 - 3.54%	Apt. 304 - 3.54%
Apt. 105 - 3.54%	Apt. 205 - 3.54%	Apt. 305 - 3.54%
Apt. 106 - 3.55%	Apt. 206 - 3.55%	Apt. 306 - 3.55%
Apt. 107 - 3.54%	Apt. 207 - 3.54%	Apt. 307 - 3.54%
Apt. 108 - 3.54%	Apt. 208 - 3.54%	Apt. 308 - 3.54%
Apt. 109 - 4.27%	Apt. 209 - 4.27%	Apt. 309 - 4.27%

PURPOSE OF BUILDING AND RESTRICTION OF USE: The specimen Declaration reflects that each apartment unit will be used as a temporary or permanent residence and for no other purposes.

OWNERSHIP OF TITLE: The Developer has submitted a preliminary title report issued by Title Guaranty of Hawaii, Inc. as of December 21, 1970 showing that fee simple title to the property is vested in Thomas K. Lalakea, husband of Carolyn C. Lalakea, subject to a lease dated August 27, 1968 to Takashi George Honda as lessee, recorded in the Bureau of Conveyances in Liber 6319, at Page 259, for a term of 60 years commencing May 1, 1968. The Developer has filed with the Commission a copy of an Assignment of Lease dated December 12, 1970, by and between Takashi George Honda, as Assignor, and Royal-CIC, as Assignee. Said assignment assigns that certain Lease dated August 27, 1968, made between Thomas K. Lalakea, as Lessor, and Takashi George Honda, as Lessee, to Royal-CIC. The Developer has also filed with the Commission a copy of an Addendum Lease dated December 15, 1970 by and between Thomas K. Lalakea, as Lessor, and

Royal-CIC, as Lessee, which supplement and amend that certain Lease dated August 27, 1968 between Thomas K. Lalakea and Takashi George Honda. As yet, the Assignment of Lease and the Addendum Lease have not been recorded in the Office of Registrar of Conveyances of the State of Hawaii.

ENCUMBRANCES: The preliminary title report issued by Title Guaranty of Hawaii, Inc. further indicates that the subject property is subject to:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines as reserved in Royal Patents Nos. 1912 and 1101.

2. Grant dated June 27, 1933 granting a three (3) feet wide sewer easement in favor of the County of Hawaii, recorded in the Bureau of Conveyances, State of Hawaii, in Liber 1241, on Page 241, containing an area of 192 square feet.

3. Lease dated August 27, 1968, and recorded in Liber 6319 on Page 259, entered into and by and between Thomas K. Lalakea, as Lessor, and Takashi George Honda, as Lessee, for a term of 60 years commencing May 1, 1968 to and including April 30, 2028.

4. Easement for sanitary sewer purposes three (3) feet wide, containing an area of 574 square feet.

PURCHASE MONEY HANDLING: A copy of the specimen Sales Contract and the executed Escrow Agreement have been submitted as part of the registration. The executed Escrow Agreement is executed by and identifies Title Guaranty Escrow Services, Inc. as the "escrow" in the Hilo Royal Apartments condominium project. On examination, the specimen Sales Contract and the executed Escrow Agreement are found to be in compliance with Chapter 514, Hawaii Revised Statutes.

Among other provisions the executed Escrow Agreement provides the following which relates to refund of purchasers' moneys without interest and less Escrow's $10.00 cancellation fee:

1. If at any time subsequent to the execution of the Sales Contract by a purchaser or the purchaser has deposited funds prior to the issuance of the Final Public Report, there is any change in the condominium building plans requiring the approval of a county officer having jurisdiction over the issuance of building permits for the construction of buildings, and the purchaser has not given his written approval or acceptance of such changes, the purchaser may request in writing for a refund of his money and the escrow would be required to make such refund to the purchaser.

2. In the event that the Final Public Report is not issued within one (1) year from the date of issuance of the Preliminary Public Report, the purchasers shall be entitled to a refund of all moneys each has paid into escrow.

3. If the Final Public Report differs in any material respect from the Preliminary Public Report, and the purchaser has not given his written approval or acceptance of the difference, the purchaser may request a refund of his money.

It is incumbent upon the purchaser and prospective purchaser that he reads with care the Sales Contract and the executed Escrow Agreement, the Escrow Agreement establishes how the proceeds from the sale of the apartment units and all sums received from any source are placed in trust, as well as the retention and disbursement of said trust funds.

MANAGEMENT AND OPERATION: The specimen Declaration and By-Laws of the Association of Apartment Owners state that the Board of Directors of the Association of Apartment Owners shall have the power to appoint and employ a managing agent to manage and control the condominium apartments and property, in accordance with the provisions of said By-Laws. The specimen By-Laws of the Association of Apartment Owners provides that any owner who desires to sell an apartment shall give to the Board of Directors an irrevocable option to first right to purchase such apartment in accordance with the By-Laws.

CONSTRUCTION CONTRACT: Developer advises the Commission that the contractor shall be Harvis Construction, Inc. who will be required to post a performance and payment bond equal to one hundred percent (100%) of the cost of construction.

STATUS OF PROJECT: Construction has not commenced and Developer reports that it will not commence construction until 15 out of the twenty-seven (27) units are sold to qualified buyers. The Escrow Agreement specifies that in the event construction does not commence prior to the 30th day of April, 1971 and the parties have not agreed to extend same, all moneys received by escrow from purchasers will be returned to the purchasers.

The specimen Sales Contract states that in the event less than twenty (20) apartments are sold prior to April 30, 1971, or Seller is unable to obtain financing reasonably satisfactory to it for the development of the project as a condominium, Seller may at its option cancel the Contract, refund to buyer all moneys paid without interest, less a reasonable cancellation fee reserved by Escrow, and be relieved and released of all further liability.

The purchaser or prospective purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of Intention submitted November 23, 1970, together with supplemental data and documents submitted as part of this registration up to and including the 23rd day of December 1970.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 358 filed with the Commission on November 23, 1970.

The report, when reproduced, shall be a true copy of the Commission's public report. The paper stock used in making facsimiles must be yellow.

HERBERT S. ISONAGA, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

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ESCROW AGENT

Registration No. 358
December 30, 1970