

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

KAHANA BEACH APARTMENT HOTEL
Honoapiilani Highway
Kahananui, Kaanapali, Maui, Hawaii

REGISTRATION NO. 440

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: July 31, 1972
Expires: August 31, 1973

SPECIAL ATTENTION

A comprehensive reading of this 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 MARCH 14, 1972, AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF JUNE 21, 1972. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF HIS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514, HAWAII REVISED STATUTES.

1. The Kahana Beach Apartment Hotel is a proposed leasehold condominium project consisting of eighty-four (84) dwelling units (12 one-bedroom units, and 72 studio units) contained in one twelve-story residential apartment hotel building. Forty-three (43) uncovered parking stalls are available.

2. The Developer of the project has submitted to the Commission for examination all documents deemed necessary for the registration of a condominium project and issuance of this Preliminary Public Report.
3. The basic documents (Declaration of Horizontal Property Regime, By-Laws of Association of Apartment Owners and a copy of the approved Floor Plans) have been filed in the Office of the recording officer. The Declaration of Horizontal Property Regime executed on May 1, 1972, with the By-Laws attached, was recorded in the Bureau of Conveyances of the State of Hawaii in Liber 8288 on Page 301. The Registrar has designated Condominium Map No. 228 to the project. The Developer has filed with the Commission a copy of an Amendment to the Declaration of Horizontal Property Regime executed June 30, 1972, and to be filed with the Bureau of Conveyances, State of Hawaii.
4. Advertising or promotional matter has been submitted pursuant to rules and regulations promulgated by the Commission.
5. 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 Regime.
6. This Preliminary Public Report automatically expires thirteen (13) months after date of issuance, July 31, 1972, unless a Supplementary Public Report issues or the Commission, upon review of the registration, issues an order extending the effective period of this report.

NAME OF PROJECT: KAHANA BEACH APARTMENT HOTEL

LOCATION: The approximate 1.018 acres in leasehold to be committed to the regime is situate on the northwesterly side of Honoapiilani Highway, Kahananui, Kaanapali, Island and County of Maui, State of Hawaii.

TAX KEY: SECOND DIVISION, 4-3-01-25

ZONING: Hotel (H-2), County of Maui

DEVELOPER: San Diego-Maui Group, a Hawaii partnership, whose principal place of business and post office address of which is Lahaina, Maui, Hawaii. Telephone: 669-6734. The partnership registered with the Department of Regulatory Agencies, State of Hawaii, on April 7, 1971. The partners are:

Myron A. Resnick, P. O. Box 8, Lahaina, Maui, Hawaii, phone 669-6734; and,

Leitch-Kahana Investors, a California limited partnership, 2876 El Cajon Blvd., San Diego, California, registered with the Department of Regulatory Agencies, State of Hawaii on April 7, 1971, and whose General Partners are: Art S. Leitch; J. Andrew Kitzman; Lowell De Weese; and, Bert Fields.

ATTORNEY REPRESENTING DEVELOPER: Ueoka, Vail & Luna, 2103 Wells Street, Wailuku, Maui, Hawaii. Telephone: 244-7914.

DESCRIPTION: The Declaration of Horizontal Property Regime reflects that the project is to consist of eighty-four (84) separately designated and legally described leasehold estates, being the area or space contained in the perimeter walls of each of the units in one (1) twelve-story concrete building. The plans submitted by the Developer reflects that the project shall also consist of a manager's front office, reception desk, and a swimming pool.

The building shall in total contain seven (7) units on each of the twelve floors, consisting of six (6) studio units and one (1) one-bedroom unit. The combined total of seventy-two (72) studio units will contain a combination living-sleeping room area, a kitchenette, a bathroom and a lanai. The gross floor area will be approximately 560 square feet.

The combined total of twelve (12) one-bedroom units will contain one bedroom, a combination living room-dining room area, a kitchen, two bathrooms and two lanais. The gross floor area will be approximately 1,184 square feet.

Numbering of each apartment is as follows:

| | |
|-----------------|---|
| First Floor: | 111, 112, 113, 114, 115, 116, and 117 |
| Second Floor: | 211, 212, 213, 214, 215, 216, and 217 |
| Third Floor: | 311, 312, 313, 314, 315, 316, and 317 |
| Fourth Floor: | 411, 412, 413, 414, 415, 416, and 417 |
| Fifth Floor: | 511, 512, 513, 514, 515, 516, and 517 |
| Sixth Floor: | 611, 612, 613, 614, 615, 616, and 617 |
| Seventh Floor: | 711, 712, 713, 714, 715, 716, and 717 |
| Eighth Floor: | 811, 812, 813, 814, 815, 816, and 817 |
| Ninth Floor: | 911, 912, 913, 914, 915, 916, and 917 |
| Tenth Floor: | 1011, 1012, 1013, 1014, 1015, 1016, and 1017 |
| Eleventh Floor: | 1111, 1112, 1113, 1114, 1115, 1116, and 1117 |
| Twelfth Floor: | 1211, 1212, 1213, 1214, 1215, 1216, and 1217 |

Apartment numbers, the last digit of which ends in the number "3", shall be one-bedroom apartments. All other apartments will be studio apartments.

COMMON ELEMENTS: The Declaration of Horizontal Property Regime identifies the following as common elements:

(a) Undivided leasehold interest in the land; (b) All foundations, columns, girders, beams, supports, bearing walls, roof, balconies, lobbies, hallways, stairs, walkways, elevator, entrances and exits of said building; (c) Parking for 43 cars, driveways, swimming pool, yard and refuse area; (d) Manager's office, clerk's counter and key rack, public toilets and maid's service rooms; (e) All ducts, electrical equipment, wiring and other central and appurtenant installations for services, including power, light, water, refuse and telephone; (f) Switchroom and transformer vault; (g) Trashrooms; and, (h) Storage rooms, breezeways, and all other elements and facilities rationally in common use or necessary to the existence, upkeep and safety of the building or the project.

LIMITED COMMON ELEMENTS: Certain parts of the common elements called and designated "limited common elements" in the proposed Declaration are set aside and reserved for the exclusive use of certain apartments and such apartments will have appurtenant thereto an exclusive easement for the use of such limited common elements. Said limited common elements set aside and reserved are as follows: (a) entry hallway adjoining an apartment or apartments will be appurtenant to and for the exclusive use of such apartment or apartments which it adjoins.

INTEREST TO BE CONVEYED PURCHASER: The Declaration reflects that percentage of the undivided interest in the common elements pertaining to each apartment and its owner for all purposes, including voting, is as follows:

| | |
|-------------------------|--------------------------|
| Studio apartments: | 1/96 for each (72 units) |
| One-Bedroom apartments: | 2/96 for each (12 units) |

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The Declaration states that the "apartment spaces" shall be occupied and used by the respective owners as residential apartments or hotel unit purposes.

OWNERSHIP TO TITLE: The Notice of Intention states, and the Preliminary Reports of title prepared November 4, 1971, and updated June 16, 1972, by the licensed title abstractor, Title Guaranty of Hawaii, Inc., verifies that title to the land is vested in Myron A. Resnick.

ENCUMBRANCES AGAINST TITLE: The title searches identify the following:

(a) Mortgage dated January 18, 1969, recorded in Liber 6388 on Page 132, made by MYRON A. RESNICK, husband of Suzann L. Resnick, and JAMES C. GREENAN, husband of Sheila Greenan, to YOSHITO HORIUCHI and AMELIA HORIUCHI, husband and wife, as tenants by the entirety, to secure the repayment of the sum of \$145,204.00 together with interest thereon all according to the terms of the Promissory Note of even date. (NO RELEASES OF DOWER BY WIVES OF MORTGAGORS.)

(b) Mortgage dated December 30, 1969, recorded in Liber 6900 on Page 332, made by MYRON A. RESNICK, husband of Suzann L. Resnick, to ARTHUR STANLEY LEITCH, to secure the repayment of the sum of \$100,000.00 together with interest thereon all according to the terms of the promissory note

of even date.

(c) Reservation in favor of the State of Hawaii of all mineral and metallic mines as reserved in Royal Patent Grant No. 1166.

(d) For any taxes that may be due and owing and a lien on the land under search, reference is hereby made to the Office of Tax Assessor of the District in which said land is situated.

(e) The definitions and prohibitions of "SHORELINE SETBACKS" as enacted by Act 136, Session Laws of Hawaii 1970.

(f) The terms and conditions of that certain lease dated February 1, 1971, recorded in Liber 8187 on Page 118, entered into by and between MYRON A. RESNICK, "Landlord" and SAN DIEGO-MAUI GROUP, a partnership, "TENANT"; demising and leasing the land hereinafter described for the term commencing February 1, 1971, and ending December 31, 2038.

(g) Mortgage dated January 18, 1972, recorded in Liber 8232 on Page 441 made by MYRON A. RESNICK, husband of Suzann L. Resnick, to YOSHITO HORIUCHI and AMELIA HORIUCHI, husband and wife, as tenants by entirety.

(h) The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions and other provisions set forth in Declaration of Horizontal Property Regime dated May 1, 1972, and recorded in the Bureau of Conveyances in Liber 8288 on Page 301 and the By-Laws attached thereto as the same are or may hereafter be amended in accordance with law, said Declaration or said By-Laws, filed with Condominium Map No. 228.

NOTE: The Lessee in the above referred to lease should properly name the general partners rather than the partnership name. Also Suzann L. Resnick, wife of the title holder should join in said lease to encumber her dower interest. It is recommended that these matters be corrected by an appropriate recorded document.

PURCHASE MONEY HANDLING: A copy of an Escrow Agreement dated March 7, 1972, has been executed and filed with the Commission. The Escrow Agent is the Title Guaranty Escrow Services, Inc. Upon examination, the executed Escrow Agreement is found to be in consonance with the provisions of Chapter 514, Hawaii Revised Statutes. The Developer advises that purchasers' funds will not be used for construction cost during construction. The executed Escrow Agreement states that escrowed funds shall not be disbursed until such time as construction of the building is completed and the property has been released from any existing liens and encumbrances, if any, except under certain conditions contained in the Escrow Agreement.

Among other provisions the executed Escrow Agreement states that if at any time prior to the recordation of any hotel unit apartment deed and sublease, Escrow receives a written request from Seller to return to a purchaser such purchaser's funds held hereunder by Escrow, or if at any time Seller shall notify Escrow in writing that sales contracts have been cancelled because construction of such hotel shall not have

been commenced within six months of the date of the Prospectus distributed to prospective purchasers, then in any such event Escrow shall promptly return such purchaser's funds without interest, and without deduction, together with such sales contract, marked "cancelled," and the Seller and purchaser shall be deemed no longer held thereunder.

If at the time of execution of any sales contract, a Final Public Report has not been issued by the Hawaii Real Estate Commission with respect to the project, then the following limitations shall apply:

(a) Purchaser's funds obtained prior to the issuance of a Final Public Report shall be refunded if there is any material change in the condominium building plans subsequent to the execution of the sales contract, which change requires the approval of a county officer having jurisdiction over the issuance of permits for construction of buildings unless purchaser's written approval or acceptance of the specific change is obtained.

(b) All rights under the sales contract shall not become enforceable against the purchaser until the purchaser has had a full opportunity to read the Hawaii Real Estate Commission's Final Public Report on the project, and to obtain refund of any moneys paid by the purchaser as well as release from all obligations under the sales contract if the Final Public Report differs in any material respect from the Preliminary Report.

(c) If the Final Public Report is not issued within one year from the date of the issuance of said Preliminary Report, the purchaser shall be entitled to refund of all moneys paid by him under the sales contract without further obligation.

(d) All moneys paid by the purchaser prior to the issuance of said Final Public Report shall be deposited in trust with Escrow, who shall deposit said funds as provided and Escrow is hereby instructed that no disbursements shall be made from such trust fund on behalf of Seller until the sales contract has become effective, and the requirements of Sections 514-36 through 514-39, Hawaii Revised Statutes, have been met, and Escrow has received an opinion from Seller's counsel to that effect.

The specimen Contract of Sale provides that purchaser shall have a right to cancel this Contract of Sale if construction of such building is not commenced by January 31, 1973.

It is incumbent upon the purchaser and prospective purchaser that he reads the Contract of Sale and the executed Escrow Agreement. The latter establishes how the proceeds from the sale of dwelling units and funds from other sources are placed in trust, as well as the retention and disbursement of said trust funds.

MANAGEMENT AND OPERATIONS: Administration of the project, as proposed in the Declaration will be vested in the Association of Apartment Owners. The By-Laws of the Association of Apartment Owners grant the Board of Directors the powers and duties necessary for the administration of the affairs of the Association. The By-Laws further state that all units shall be utilized for a hotel. The Board of directors shall employ for the Association a management agent or manager. As of the

date of the issuance of this Preliminary Public Report, Ramada Inns, Inc., has been identified as management agent or manager to operate the project as a hotel for the benefit of the owners for the first 25 years. The Developer has filed with the Commission a copy of a Management Agreement dated January 29, 1971, naming Ramada Inns, Inc., the management agent. Since the Contract of Sale incorporates the Management Agreement by reference, it is incumbent that purchasers study the Management Agreement with extreme care prior to entering the Contract of Sale.

STATUS OF PROJECT: The Developer has entered into a construction contract for the construction of building with F & M Contractors, Inc., on February 25, 1972. The Developer estimates that construction will be completed one year from the day notice to proceed is given to the Contractor.

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 March 14, 1972, and additional information subsequently filed as of July 21, 1972.

The PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 440, filed with the Commission on March 14, 1972.

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 in color.


DOUGLAS R. SODEHANI, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:
DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING DEPARTMENT, COUNTY OF MAUI
FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT

REGISTRATION NO. 440
July 31, 1972