

**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  
ALII VILLAS  
Alii Drive  
Kailua, Kona, Hawaii

REGISTRATION NO. 441

**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: June 1, 1972

Expires: July 1, 1973

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 or prospective purchaser is particularly directed to the following:

THE REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED MARCH 20, 1972, AND INFORMATION SUBSEQUENTLY FILED AS OF MAY 31, 1972. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF HIS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT AND AMENDMENTS THERETO, CHAPTER 514, HAWAII REVISED STATUTES.

1. ALII VILLAS is a proposed leasehold condominium project consisting of 125 condominium apartments and a manager's unit contained in 9 separate 3-story buildings without basements. One parking stall will be provided for each apartment and there will be 12 stalls for guest parking and one for the manager's unit, making a total of 138 parking stalls.
2. The Developer is arranging for insurance by the Federal Housing Administration (FHA) pursuant to Section 234 of Title II of the National Housing Act, as amended, of individual mortgages by qualified purchasers of apartments in the project. As a condition

to its providing such insurance, the FHA requires that the Association of Apartment Owners enter into with that Agency and record a Regulatory Agreement whereby the Association may be regulated and restricted by that Agency. The Regulatory Agreement is proposed to be executed and recorded with the Declaration. Purchasers in the project should, therefore, familiarize themselves with the provisions of the Regulatory Agreement.

3. The Developer of the project has submitted to the Commission for examination all documents deemed necessary for the registration of a condominium and issuance of this Preliminary Public Report.
4. The basic documents (Declaration of Horizontal Property Regime, By-Laws of Association of Apartment Owners and a copy of the approved floor plans) have not been filed in the office of the recording officer.
5. No advertising or promotional matter has been submitted pursuant to the rules and regulations promulgated by the Commission.
6. 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.
7. This Preliminary Public Report automatically expires thirteen months after date of issuance, June 1, 1972, unless a Supplementary Public Report is issued or the Commission, upon review of the registration issues an order extending the effective period of this report.

NAME OF PROJECT: ALII VILLAS

LOCATION: The 181,127 square feet of fee simple land to be committed to the Horizontal Property Regime is situate at Alii Drive in Kona, County, Island and State of Hawaii, approximately 3/4 mile south of the Kona Hilton.

TAX KEY: THIRD DIVISION 7-5-21-7 and 9 (Lots 7, 8, and 9)

ZONING: Hotel-Resort

DEVELOPER: The Developer is Alii Villas, a joint venture comprised of Papiha Corporation, a Hawaii corporation, 451 Nahua Street, Apartment PH-1, Honolulu, Hawaii 96815, and TI Properties Corporation, One Wilshire Boulevard, Suite 2650, Los Angeles, California 90017. The principal place of business and post office address of the joint venture is 451 Nahua Street, Apartment PH-1, Honolulu, Hawaii.

The corporate officers of Papiha Corporation are:

Les Benton	President and Treasurer
Kenneth B. Lowry	Vice President
Richard P. Schulze, Jr.	Secretary

The corporate directors of TI Corporation are:

Ernest J. Loebbecke	George B. Garber
Hale Warn	Richard H. Howlett
William H. Deatly	James Macneil

ATTORNEY REPRESENTING DEVELOPER: Ashford & Wriston (Attention: Galen C. K. Leong), 235 Queen Street, Honolulu, Hawaii. Telephone 531-3761.

DESCRIPTION: One hundred twenty-five (125) freehold estates are separately designated and legally described in the spaces within the perimeter walls, floors and ceilings

and lanais of each of the 125 apartments of the project contained in 9 separate multifamily buildings, without basement, constructed principally of hollow tile. These spaces, hereinafter called the "apartments", are designated on the plans and described as follows:

A. The one hundred twenty-five (125) individual apartments shall be numbered and located as shown on the floor plans of the project.

The plan for each apartment is set forth in Exhibit "A" attached hereto and made part hereof and each apartment contains the number of rooms and the approximate floor area according to its respective plan as described below.

Said plans are designated as A-1, A-2, B-1, B-2, C and D and are further described as follows:

1. A Plan A-1 apartment contains 4 rooms (bedroom, bathroom, living-dining room and kitchen) and a lanai, the approximate floor area of which is 678 square feet. An apartment of this plan includes the space within the perimeter walls, floor, ceiling and door of the trash storage unit located on the same floor as such apartment and shown on said plans as belonging to such apartment. There are 29 apartments of this plan, as set forth in Exhibit "A" attached hereto.
2. A Plan A-2 apartment contains 4 rooms (bedroom, bathroom, living-dining room and kitchen) and a lanai, the approximate floor area of which is 708 square feet. An apartment of this plan includes the space within the perimeter walls, floor, ceiling and door of the trash storage unit located on the same floor as such apartment and shown on said plans as belonging to such apartment. There are 30 apartments of this plan, as set forth in Exhibit "A" attached hereto.
3. A Plan B-1 apartment contains 4 rooms (bedroom, bathroom, living-dining room and kitchen), a lanai and a storage closet off the lanai, the approximate floor area of which is 754 square feet. An apartment of this plan includes the space within the perimeter walls, floor, ceiling and door of the trash storage unit located on the same floor as such apartment and shown on said plans as belonging to such apartment. There are 18 apartments of this plan, as set forth in Exhibit "A" attached hereto.
4. A Plan B-2 apartment contains 4 rooms (bedroom, bathroom, living-dining room and kitchen), a lanai and a storage closet off the lanai, the approximate floor area of which is 766 square feet. An apartment of this plan includes the space within the perimeter walls, floor, ceiling and door of the trash storage unit located on the same floor as such apartment and shown on said plans as belonging to such apartment. There are 18 apartments of this plan, as set forth in Exhibit "A" attached hereto.
5. A Plan C apartment contains 6 rooms (2 bedrooms, 2 bathrooms, living-dining room and kitchen) and a lanai, the approximate floor area of which is 934 square feet. An apartment of this plan includes the spaces within the perimeter walls, floor, ceiling and doors of the storage closet and trash storage unit located on the same floor as such apartment and shown on said plans as belonging to such apartment. There are 12 apartments of this plan as set forth in Exhibit "A" attached hereto.
6. A Plan D apartment contains 6 rooms (2 bedrooms, 2 bathrooms, living-dining room and kitchen) and a lanai, the approximate floor area of which is 958 square feet. An apartment of this plan includes the space within the perimeter walls, floor, ceiling and doors of the storage closet and trash storage unit located on the same floor as such apartment and shown on said plans as belonging to such apartment. There are 18 apartments of this plan, as set forth in Exhibit "A" attached hereto.

B. Each apartment has immediate access to the entry stairway, walkways, sidewalks, parking areas, driveways and roads connecting it to the entrances to the project and the public streets.

C. The plans submitted by the Developer reflect that there will be a swimming pool with dressing rooms and toilet facilities.

D. Each apartment shall not be deemed to include the undecorated or the unfinished surfaces of the perimeter walls, floors and ceilings surrounding the apartment or of interior load-bearing walls, nor shall said apartment be deemed to include the pipes, wires, conduits or other public utility lines running through the apartment which are utilized for or serve more than one apartment. The apartment shall be deemed to include (a) all of the areas or spaces enclosed by the walls, floors and ceilings surrounding the apartment, (b) the area designated on the plan as the lanai adjoining the apartment, and (c) all the walls and partitions which are not load-bearing within the perimeter walls of the apartment, the inner decorated or finished surfaces of all walls, floors and ceilings, all doors, window frames, windows and glass walls, and all fixtures and appliances originally installed therein, including refrigerator, electric range and oven, garbage disposal, hotwater heater, washer and dryer and all plumbing and lighting fixtures and carpeting furnished by the Developer in the bedroom(s) and living-dining room.

COMMON ELEMENTS: One freehold estate is designated in all remaining portions of the project, called the "common elements", which definition includes the multifamily structure and appurtenances and the land upon which they are located and specifically includes but is not limited to: the land in fee simple, foundations, beams, supports, unfinished perimeter load-bearing walls and interior walls separating adjacent apartments in the same building, roofs, floor slabs, recreational facilities, swimming pool, pumps, tanks, sewage treatment equipment, landscaping, fences, walkways, parking areas, driveways, pavement, pipes, wires, conduits, ducts, all central and appurtenant installations for utility and other common services, the manager's unit, being a Plan A-1 unit as described below and designated by the number 101 on said Condominium File Plan, and, in general, all other parts of the project necessary or convenient to its existence, maintenance, and safety, or normally in common use.

LIMITED COMMON ELEMENTS: Certain parts of the common elements herein called the "limited common elements", shall be designated and set aside for the exclusive use of certain apartments and such apartments shall have appurtenant thereto easements for the use of such limited common elements as follows: (1) the land over which each building stands and which is situated within the outer perimeter of each building shall be appurtenant to and for the exclusive use of apartments located in said building and (2) the parking stall designated on the plan by the same number assigned to an apartment shall be appurtenant to and for the exclusive use of that apartment.

INTEREST TO BE CONVEYED TO PURCHASER: Each apartment shall have appurtenant thereto the undivided percentage interest in all common elements of the project, hereinafter called the "common interest", as set forth for each apartment in said Exhibit "A" attached hereto and made a part hereof, and the same proportionate interest in all common profits and expenses and for all other purposes, including voting.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The apartments shall be occupied and used by the respective owners thereof only as a private dwelling for the owners, his family, tenants and social guests and for no other purpose. The apartments shall not be rented by the owners thereof for transient or hotel purposes which is defined as (a) rental for any period less than thirty (30) days; or (b) any rental if the occupants of the apartment as provided customary hotel services, such as room service for food and beverage, maid service, furnishing laundry and linen, and bellboy service. Other than the foregoing obligations, the owners of the respective apartments shall have the absolute right to lease their apartments provided that said lease is made subject to the covenants and restrictions contained in the Declaration, By-Laws, and the Regulatory Agreement.

OWNERSHIP TO TITLE: The Developer in its Notice of Intention to Sell represents that the owners of the lots identified by Tax Key 7-5-21-7 (Lots 7 and 8) are Harold C. Hill and Lois E. Hill of Honolulu, Hawaii, and the owner of the lot

identified by Tax Key 7-5-21-9 (Lot 9) is W. L. Chang, Limited, a Hawaii corporation. The Developer holds a lease from Harold C. Hill and Lois E. Hill covering Lots 7 and 8 and a lease from W. L. Chang, Limited, covering Lot 9, said leases being more particularly described in the next paragraph. The Preliminary Reports dated January 10, 1972 by Title Guaranty of Hawaii Incorporated confirm the ownership to title and the existence of said leases.

ENCUMBRANCES AGAINST TITLE: The Preliminary Reports dated January 10, 1972 reflect that title to the land is subject to the following:

AS TO LOTS 7, 8 and 9:

- (1) Reservation in favor of the State of Hawaii of all mineral and metallic mines as reserved in Royal Patent No. 1669.
- (2) The definitions and prohibitions of "SHORELINE SETBACKS" as enacted by Act 136, Session Laws of Hawaii 1970.
- (3) Real Property Taxes for the Fiscal Year - July 1, 1971 through June 30, 1972.

AS TO LOTS 7 and 8:

- (1) That certain Short Form Lease dated August 26, 1969, by and between Harold C. Hill and Lois E. Hill, as Lessor, and Papiha Corporation, as Lessee, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 6672, at Page 340.
- (2) Mortgage dated June 26, 1969, made by Papiha Corporation to The Kenlow Corporation, recorded in said Bureau in Liber 7078, at Page 72. Said mortgage was assigned to Treschgind, Inc., and Vanguard Homes, Inc., by instrument dated March 4, 1971, recorded in said Bureau in Liber 7463, at Page 339.
- (3) Mortgage dated March 29, 1971, made by Papiha Corporation to Hawaii Thrift & Loan, Inc., recorded in said Bureau in Liber 7464, at Page 347.

AS TO LOT 9:

- (1) That certain Short Form Lease dated October 10, 1969, by and between W. L. Chang, Limited, as Lessor, and Papiha Corporation, as Lessee, recorded in said Bureau in Liber 6753, at Page 469.
- (2) Mortgage dated March 29, 1971, made by Papiha Corporation to Hawaii Thrift & Loan, Inc., recorded in said Bureau in Liber 7464, at Page 331.

PURCHASE MONEY HANDLING: A copy of the Escrow Agreement dated April 3, 1972, by and between Title Guaranty Escrow Services, Inc., as Escrow, and Alii Villas, a joint venture, as Seller, has been submitted to the Commission as part of this registration. On examination the Escrow Agreement and Subscription and Purchase Agreement are found to be in compliance with Chapter 514, Hawaii Revised Statutes. The provisions of the Subscription and Purchase Agreement should be carefully read by the purchasers. The specimen document filed as a part of the registration recites the conditions under which the purchaser acknowledges receipt of the Public Report; further, the Subscription and Purchase Agreement provides that if at the time the purchaser signs the contract the Commission has not issued its Final Public Report covering Alii Villas the agreement shall not be fully effective until such report is issued and a copy is received and receipted for by the purchaser. If the Final Public Report varies in any material respect from this Preliminary Public Report, at the purchaser's option the purchaser may cancel his agreement upon written notice to the Seller within five days of the purchaser's receipt of a copy of the Final Public Report.

Among other provisions, the Escrow Agreement provides that a purchaser shall be entitled to a refund of his funds, and Escrow shall pay said funds to purchaser,

without interest and less Escrow cancellation fee of \$15.00, if purchaser shall in writing request refund of his funds and any one of the following shall have occurred:

- (a) Seller has requested Escrow in writing to return to purchaser the funds of such purchaser then held hereunder by Escrow; or
- (b) If a purchaser's funds were obtained prior to the issuance of a final public report and if there is any change in the condominium building plans, subsequent to the execution of Purchaser's sales agreement, requiring the approval of a county officer having jurisdiction over the issuance of permits for construction of buildings, unless the purchaser has given written approval or acceptance of the specific change; or
- (c) If a purchaser's funds were obtained prior to the issuance of a final public report and the request is prior to the time the final public report is issued; or
- (d) If the final public report differs in any material respect from the preliminary public report, unless the purchaser has given written approval or acceptance of the difference; or
- (e) If the final public report is not issued within one year from the date of issuance of the preliminary public report.

It is incumbent upon the purchaser that he read with care the Subscription and Purchase Agreement and Escrow Agreement. The Escrow Agreement establishes how the proceeds and the sale of the apartments and all sums of any source are placed in trust as well as the retention, disbursement and refund of said trust fund.

MANAGEMENT AND OPERATION: The Declaration of Horizontal Property Regime provides that the operation of the project shall be conducted for the Association of Apartment Owners by a responsible corporate Managing Agent pursuant to the Management Agreement for condominium submitted to the Commission. The initial Managing Agent shall be Aaron M. Chaney, Inc., 1600 Kapiolani Boulevard, Suite 201, Honolulu, Hawaii.

STATUS OF PROJECT: The Developer represents to the Commission that the improvements will not be constructed until eighty per cent (80%) of the apartments have been presold under the Subscription and Purchase Agreement. The Developer has reserved the option to refund purchaser's funds if less than 80% of the apartments are sold to qualified buyers by December 1, 1972 or if the project cannot be completed and ready for occupancy on or before December 31, 1973, or if the Seller is prevented by law from proceeding with construction of the project. Purchaser shall have the option to cancel the agreement in the event that the project cannot be completed and ready for occupancy by December 31, 1973.

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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 20, 1972 and information subsequently filed as of May 31, 1972.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 441 filed with the Commission on March 20, 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.

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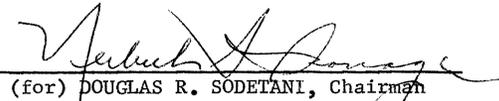
  
(for) DOUGLAS R. SODEVANI, Chairman  
REAL ESTATE COMMISSION  
STATE OF HAWAII

EXHIBIT "A"

FLOOR PLAN TYPE	UNIT NUMBER			Percentage Interest	Total Apartments
	First Floor	Second Floor	Third Floor		
A-1	116, 114, 112, 110, 117, 119, 103, 105, 107	216, 214, 212, 210, 217, 219, 201, 203, 205, 207	315, 314, 312, 310, 317, 319, 301, 303, 305, 307	.7010	29
A-2	115, 113, 111, 109, 118, 120, 102, 104, 106, 108	215, 213, 211, 209, 218, 220, 302, 204, 206, 208	315, 313, 311, 309, 313, 320, 322, 304, 306, 308	.7321	30
B-1	142, 140, 138, 121, 123, 125	242, 240, 238, 221, 223, 225	342, 340, 338, 321, 323, 325	.7796	18
B-2	141, 139, 137, 122, 124, 126	241, 239, 237, 222, 224, 226	341, 339, 337, 322, 324, 326	.7920	18
C	136, 135, 127, 128	236, 235, 227, 228	336, 335, 327, 328	.9657	12
D	134, 133, 129, 130, 131, 132	234, 233, 229, 230, 231, 232	334, 333, 329, 330, 331, 332	.9906	18