

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII

1010 RICHARDS STREET
P. O. BOX 3469
HONOLULU, HAWAII 96801

**FINAL
HORIZONTAL PROPERTY REGIMES (CONDOMINIUM)
PUBLIC REPORT**

on

PALI KE KUA

Princeville, Kauai, Hawaii

REGISTRATION NO. 455

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 until

- (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: April 19, 1973

Expires: May 19, 1974

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:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED MAY 23, 1972 AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF APRIL 18, 1973. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF HIS INTENTION TO SELL AND SUBMITTING ADDITIONAL INFORMATION, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY REGIMES LAW, CHAPTER 514, HAWAII REVISED STATUTES.

1. The Developer has complied with Chapter 514, Hawaii Revised Statutes and has fulfilled the requirements for the issuance of a Final Public Report.
2. Since the issuance of the Commission's Preliminary Public Report on Registration No. 455, dated June 26, 1972, the Developer has forwarded additional informa-

tion reflecting material changes have been made in the documents and plans for the project.

Pali Ke Kua is a leasehold condominium project and the purchaser will secure an apartment lease demising an apartment unit together with the appurtenant common interest.

This Final Public Report is made a part of the registration on Pali Ke Kua condominium project. The Developer is responsible for placing this Final Public Report (white paper stock) in the hands of all purchasers and prospective purchasers along with the Preliminary Public Report (yellow paper stock). Securing a signed copy of the Receipt for Horizontal Property Regime Public Report from each purchaser and prospective purchaser is also the responsibility of the Developer.

3. 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 Final Public Report.

The Developer reports that the basic documents (Declaration of Horizontal Property Regime, with By-Laws of the Association of Apartment Owners attached, and a copy of the approved Floor Plans) have been filed in the Bureau of Conveyances of the State of Hawaii.

The Declaration of Horizontal Property Regime, executed February 7, 1973, with By-Laws attached, was filed in the Bureau of Conveyances of the State of Hawaii in Liber 8923, Page 238, and said Declaration was amended by instrument dated April 13, 1973, recorded in Liber 9079, Page 35.

The approved Floor Plans showing the layout, location, apartment numbers, etc. have been designated Condominium File Plan No. 261.

4. Advertising or promotional matter has been submitted pursuant to the 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 Regimes.
6. This Final Public Report expires thirteen months from the date of issuance, April 19, 1973, unless a Supplementary Report is published or the Commission, upon review of the registration, issues an order extending the effective period of this report.

The information in the topical headings of the Preliminary Public Report of June 26, 1972, with the exception of DESCRIPTION, INTEREST TO BE CONVEYED TO PURCHASERS, ENCUMBRANCES AGAINST TITLE, MANAGEMENT OF THE PROJECT and STATUS OF PROJECT has not been disturbed.

DESCRIPTION: The Declaration of Horizontal Property Regime and floor plans as filed in the Bureau of Conveyances of the State of Hawaii indicate that the descriptions of the apartments appearing in subparagraphs (b) and (c) of the DESCRIPTION in the Preliminary Report have been changed to read as follows:

"(b) ONE-BEDROOM UPSTAIRS: Six (6) apartments, being Nos. 201, 206, 207, 212, 213 and 218, each consist of six and one-half (6-1/2) rooms, including a bedroom, a bathroom, a living room, a dining room, a kitchen and a lanai, located on the second floors of their respective buildings, and a loft and a one-half (1/2) bathroom located on the third floors of their respective buildings; each of these apartments contain a floor area of approximately 1,001 square feet, including the lanai of approximately 97 square feet."

"(c) TWO BEDROOM: Twelve (12) apartments, being Nos. 202 through 205, inclusive, 208 through 211, inclusive, and 214 through 217, inclusive, each contain seven (7) rooms, including a bedroom, a bathroom, a living room, a dining room, a kitchen and a lanai, located on the second floors of their respective buildings, and a bedroom and a bathroom located on the third floors of their respective buildings; each of these apartments contain a floor area of approximately 1,224 square feet, including the lanai of approximately 97 square feet."

INTEREST TO BE CONVEYED TO PURCHASERS: The said Declaration indicates that each apartment in the project shall have appurtenant thereto an undivided 1/36 fractional interest (a 2.777+ percentage interest) in the common elements of the project.

NOTE: The said Declaration provides that the Developer shall have the right at its sole option to amend the project, by way of merger, at any time up to, but not later than December 31, 1976, by the construction and addition to the project of up to one hundred fourteen (114) additional apartments, together with such supporting and servicing common elements which the Developer determines in its sole discretion are beneficial to the project, including, without limiting the generality of the foregoing, a swimming pool and cabana, a beach cabana, a tennis court and an administration building, as common elements, on up to an additional approximate 20.254 acres of adjoining land; such additions may be added in three increments as follows: (a) Increment II: Approximately twenty-eight (28) apartments, and a swimming pool and cabana as common elements, on approximately 5.571 acres of additional land and a beach cabana as an additional common element to the project described herein (Increment I); (b) Increment III: Approximately thirty-four (34) apartments, and a tennis court and an administration building (which may include a restaurant, a bar, the manager's office, the manager's quarters, a lobby and a general store) as common elements, on approximately 6.325 acres of additional land; and (c) Increment IV: Approximately fifty-two (52) apartments on approximately 4.666 acres of additional land. Merger shall take effect with respect to a particular additional increment upon the happening of all of the following conditions with respect thereto: (a) Recordation in the Bureau of Conveyances of the State of Hawaii by the Developer of a Declaration of Horizontal Property Regime and By-Laws covering the additional increment; and (b) recordation in the Bureau

of Conveyances of the State of Hawaii by the Developer of a "Certificate of Merger", which certificate shall contain:

- (i) A certification by a Hawaii registered architect or professional engineer that all of the apartments of the additional increment are substantially completed;
- (ii) The common interest of each apartment of the project after completion of the subject merger; and
- (iii) A revised plot plan showing the location of the buildings of the project after completion of the subject merger.

Each apartment of the merged increments shall each have appurtenant thereto an approximately equal undivided percentage interest in the common elements of the merged increments. The approximate common interest of each apartment after each proposed merger of additional increments shall be as follows:

Increment II: A 1/64th fractional interest

Increment III: A 1/98th fractional interest

Increment IV: A 1/150th fractional interest

Each of the merged increments shall be treated as part of a single project developed as a whole from the beginning, and there shall be only one Association of Apartment Owners and one Board, and the Declarations of Horizontal Property Regime and By-Laws applicable to the entire project constituting the merged increments except to the extent expressly otherwise provided for therein. The Developer shall for all purposes be deemed the "apartment owner" as to such additional apartments. In connection with, and only to the extent necessary for the creation of such additional apartments and common elements, as aforesaid, the Developer shall have the right to remove, amend or add common elements; to remove, amend or add parking spaces; to enter upon the project premises with employees, agents and contractors for all purposes reasonably necessary for or useful to constructing and completing said additional apartments and common elements; to connect the said additional apartments and common elements to utilities of the project, and to sell or designate lessees of the said additional apartments.

ENCUMBRANCES AGAINST TITLE: A Certificate of Title issued by Title Guaranty of Hawaii, Incorporated, dated October 20, 1972, continued to April 16, 1973, as submitted to the Commission, provides that the following are encumbrances against title to the property in addition to those listed in the Preliminary Public Report:

1. Water and Sanitation Assessment and Lien by and between Kauai County Public Improvement Corporation and Eagle County Development Corporation, dated April 7, 1971, and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 7486, at Page 292, as amended.

NOTE: The Developer had advised that the said Assessment and Lien was amended by instrument dated November 13, 1972, recorded as

aforesaid in Liber 8743, at Page 1, to provide that the balance of the allocated assessment charge and lien against the real property comprising the land of the project under the said Assessment and Lien be converted upon the filing of the Declaration for the project to individual liens on each apartment and its appurtenant common interest, each securing a prorated amount of the unpaid balance of the said assessment; the responsibility of paying each of the said prorated amounts will be that of the respective individual owners of each of the apartments. The Developer has advised that it estimates that the maximum amount of such individual lien for each apartment will be \$2,418.06.

2. Declaration of Restrictive Covenants by Eagle County Development Corporation dated March 1, 1972, recorded as aforesaid in Liber 8192, Page 262.
3. Easement "S-1" (10 feet wide) for sanitary sewer purposes as shown on File Plan No. 1252, which easement was granted to Kauai County Public Improvement Corporation by instrument dated March 16, 1972, recorded as aforesaid in Liber 8192, Page 284.
4. Mortgage dated June 9, 1972, recorded as aforesaid in Liber 8369, Page 119, to secure an indebtedness of \$1,185,000.00, given by Developer, as Mortgagor, to City Bank of Honolulu (now known as City Bank), as Mortgagee.

NOTE: The Developer has advised that said mortgage will be released prior to the issuance of a lease for any of the apartments, or that the individual apartment and its appurtenant common interest being demised by an individual apartment lease will be released therefrom by a partial release duly recorded.

5. Declaration of Horizontal Property Regime dated February 7, 1973, recorded in Liber 8923, Page 238, with By-Laws attached, and amended by instrument dated April 13, 1973, recorded in Liber 9079, Page 35.

NOTE: The said Declaration provides that the Developer shall have the right to grant roadway easements over and across any and all roadways shown on the said Condominium File Plan to any purchaser, purchasers, lessee, lessees, owner or owners of the additional apartments hereafter created pursuant to the aforementioned provisions of the said Declaration. The said Declaration also provides that the Developer shall have the right to grant easements over, across and through the lands of the project, to and from any beach area located on or adjacent to the said lands, such easements to run in favor of the same entities, provided, however, such easements to any beach area shall not be located through or within any existing structures of the project and shall not disturb unnecessarily the normal enjoyment and use of the lands and improvements of the project.

NOTE: In addition, the said Declaration provides that the Developer shall have the right to grant the following easements in favor of any purchaser, purchasers, lessee, lessees, owner or owners from time to time of Lot 6, as shown on File Plan No. 1197: (a) an

easement across and through the lands of the project to and from any beach area located on or adjacent to the said lands, provided, however, said easement shall not be wider than ten (10) feet and shall be subject to being originally located by the Developer, and provided, further, that said easement shall not be located through or within any existing structures on the project and shall not disturb unnecessarily the normal enjoyment and use of the lands or improvements of the project; (b) a right, in the nature of an easement, to use all of the common elements of the project, including the common elements of future increments merged with the project, excluding, however, such common elements as shall be located within any structures of the project or said future increments to the same extent and subject to the same limitations as are imposed upon an apartment of the project as originally constituted or as hereafter merged; provided, however, the said entities shall pay to the Association of Apartment Owners of the project, as originally constituted or hereafter merged, an equitable percentage of the cost of the maintenance of such common elements, such percentage being equal to the square footage of said Lot 6 divided by the sum of the square footage of the lands of the said project, as herein constituted or hereafter merged, and the square footage of said Lot 6.

MANAGEMENT OF THE PROJECT: The said Declaration indicates that the initial managing agent of the project is Paradise Management Corporation, 2222 Kalakaua Avenue, Suite 1006, Honolulu, Hawaii 96815.

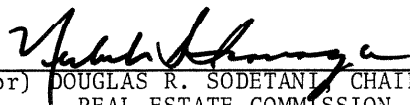
NOTE: The Developer advises that it is not offering to provide services relating to the sale or rental of apartments of the project and that no representation or reference to that effect has been made or will be made by or on behalf of the Developer. Rental of the apartments and the provision of management services in connection therewith is and shall be the sole responsibility of the purchaser.

STATUS OF PROJECT: The Developer advises construction of the project began in June, 1972, and that it estimates construction of the project will be completed in March, 1973.

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 May 23, 1972, and information subsequently filed as of April 18, 1973.

This FINAL HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 455 filed with the Commission on May 23, 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 white.


(for) DOUGLAS R. SODEHANI, CHAIRMAN
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING DEPARTMENT, County of Kauai
FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT

April 19, 1973

Registration No. 455