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
CLUB VIEW GARDENS III
Hui Iwa Street and Kahekili Highway
Kaneohe, Hawaii

REGISTRATION NO. 478

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: February 8, 1973
Expires: March 8, 1974

SPECIAL ATTENTION

A comprehensive reading of this report is urged so that the 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 AUGUST 4, 1972, AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF FEBRUARY 5, 1973. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF THE INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514, HAWAII REVISED STATUTES.

1. CLUB VIEW GARDENS III is a proposed fee simple condominium project consisting of 100 townhouse apartments arranged throughout 16 townhouse buildings, with the obligation of each apartment owner to become a member of an existing nonprofit corporation known as Club View Gardens Home Owners Association, which is separate from the Association of Apartment Owners of Club View Gardens III, by which membership such apartment owner will be

entitled to use and be obligated to pay a 1/449th share of the costs of maintaining and operating a recreation center, including swimming pool, located on approximately 4.545 acres of land adjoining or in the vicinity of but not a part of the project. The Developer proposes to sell under sales contracts, and to convey by apartment deeds, various apartments in the project to prospective purchasers.

2. Although the Developer proposes to develop other condominium projects adjoining or in the vicinity of the project, pursuant to its development agreement with the owner of certain lands of which the project is a part, the Developer does not thereby represent to any purchaser of an apartment in the project that it will so develop any such other condominium project. The specimen Sales Contract provides for a representation by purchasers of apartments in the project that they do not rely upon any other condominium project being so developed.

3. The Developer has submitted to the Commission for examination a filing of documents and exhibits which is complete except for some particular requirement, or requirements, which can be expected to be completed as part of this registration.

4. The basic documents (Declaration of Horizontal Property Regime, By-Laws of the Association of Apartment Owners, and a copy of the approved floor plans) have not yet been filed in the office of the recording officer.

5. A brochure for Club View Gardens Townhouses containing sample floor plans has been submitted to the Commission.

6. The prospective purchaser is advised to acquaint himself with the provisions of the Horizontal Property Act, Chapter 514, Hawaii Revised Statutes, and with the rules and regulations promulgated pursuant thereto.

7. This Preliminary Report automatically expires on March 8, 1974, thirteen (13) months after its date of issue, unless a Supplementary Public Report issues or the Commission, upon review of the registration, issues an order extending the effective period of the report.

8. If the Final Public Report covering Club View Gardens III is not issued within one (1) year from the date of this Preliminary Public Report, purchasers shall be entitled to refund of all moneys paid by them without interest and less their loan fees and escrow charges, and shall be relieved of any further obligation.

NAME OF PROJECT: CLUB VIEW GARDENS III

LOCATION: The project is located at or in the vicinity of the northwest corner of the intersection of Hui Iwa Street and Kahekili Highway, Kaneohe, City and County of Honolulu, State of Hawaii, and consists of two lots containing areas of approximately

8.590 and 7.532 acres, respectively, or a total of approximately 16.122 acres, separated by a roadway lot containing an area of approximately 1.333 acre to which said two lots will have an unexclusive easement for ingress, egress, and drainage, utility, and sewer purposes, which easement shall automatically terminate upon said roadway lot's conveyance to or acquisition by the State of Hawaii, the City and County of Honolulu, or any other governmental authority as a public right-of-way. The Developer has applied to the Planning Department of the City and County of Honolulu for the subdivision of said two lots and said roadway but has not yet obtained the approval either of said Planning Department or of the Land Court of the State of Hawaii.

TAX KEY: FIRST DIVISION, 4-7-4: Portion of Parcel 1

ZONING: Planned Development-Housing (PD-H) District No. 4 (portion)

DEVELOPER: Dan Ostrow Construction Co., Inc., a Hawaii corporation, whose principal place of business and post office address is Suite 1106, 745 Fort Street, Honolulu, Hawaii 96813.

Dan Ostrow	President
James H. Wodehouse, Jr.	Executive Vice President
Joel Ostrow	Vice President
Ardie Ostrow	Secretary, Assistant Treasurer
Phillip Wong	Treasurer

ATTORNEY REPRESENTING DEVELOPER: Padgett, Greeley, Marumoto & Steiner (Wendell H. Marumoto), Suite 1400, Hawaii Building, 745 Fort Street, Honolulu, Hawaii 96813. Telephone 537-5976.

DESCRIPTION: The Developer proposes to construct 100 townhouse apartments in 16 townhouse buildings. The 16 townhouse buildings will be wooden frame structures on concrete slabs with exterior sidings and shake and gravel roofs. Of the 16 townhouse buildings, four will consist of three floors, eleven of two floors, and one of one floor.

The 100 townhouse apartments will be numbered and located as shown on the condominium plans, the digit or digits which precede the last two digits of an apartment number indicating the building in which the apartment will be located. Each of the 100 townhouse apartments will be one of 16 types:

Apartment	Type
6401	B-1
6402	B-R
6403	B
6404	B-R
6405	B
6406	B-1-R
6501	C-R
6502	C
6503	C-R
6504	C

Apartment	Type
6601	D-R
6602	D
6603	D-R
6604	D
6605	D-R
6606	D
6701	E
6702	E
6703	E-R
6704	G
6705	G-R
6706	G
6707	G-R
6708	G
6709	G-R
6801	C-R
6802	C
6803	C-R
6804	C-R
6805	C
6901	D-R
6902	D
6903	D-R
6904	D
6905	D-R
6906	D
7001	C-R
7002	C
7003	C-R
7004	C
7101	A-R
7102	A-1
7103	A-1-R
7104	A
7105	A-1-R
7106	A-1
7201	D-R
7202	D
7203	D-R
7204	D
7205	D-R
7206	D
7301	E
7302	E

Apartment	Type
7303	E-R
7304	G
7305	G-R
7306	G
7307	G-R
7308	G
7309	G-R
7401	B-1
7402	B-R
7403	B
7404	B-R
7405	B
7406	B-1-R
7501	E
7502	E
7503	E-R
7504	G
7505	G-R
7506	G
7507	G-R
7508	G
7509	G-R
7601	C-R
7602	C
7603	C-R
7604	C
7701	D-R
7702	D
7703	D-R
7704	D
7705	D-R
7706	D
7801	E
7802	E
7803	E-R
7804	G
7805	G-R
7806	G
7807	G-R
7808	G
7809	G-R
7901	C-R
7902	C
7903	C-R
7904	C-R
7905	C

The number of rooms and approximate area of each type of apartment is as follows:

Type A: A one-story unit consisting of five rooms (two bedrooms, a bathroom, kitchen, and living-dining room) with an approximate area of 922 square feet; and a fenced yard, including a patio, exterior storage closet, and fenced garbage can enclosure, with an approximate area of 460 square feet. (One unit)

Type A-R: The reverse of Type A. (One unit)

Type A-1: The same as Type A except for an additional half-bath in lieu of a walk-in closet. (Two units)

Type A-1-R: The reverse of Type A-1. (Two units)

Type B: A two-story unit consisting of eight rooms (three bedrooms, two bathrooms, a powder room, kitchen, and living-dining room) with an approximate area of 1,300 square feet; a balcony with an approximate area of 56 square feet; and a fenced yard, including a patio, exterior storage closet, and fenced garbage can enclosure, with an approximate area of 384 square feet. (Four units)

Type B-R: The reverse of Type B. (Four units)

Type B-1: The same as Type B except for an additional linen closet at the stair hall which increases the approximate area to 1,316 square feet. The approximate area of the fenced yard is also increased to 448 square feet. (Two units)

Type B-1-R: The reverse of Type B-1. (Two units)

Type C: A two-story unit consisting of eight rooms (four bedrooms, two bathrooms, a kitchen, a living room with dining area) with an approximate area of 1,555 square feet; two balconies with a total approximate area of 119 square feet; and a fenced yard, including a patio and fenced garbage can enclosure, with an approximate area of 325 square feet. (Ten units)

Type C-R: The reverse of Type C. (Twelve units)

Type D: A two-story unit consisting of seven rooms (three bedrooms, two bathrooms, kitchen, and living room with dining area) with an approximate area of 1,321 square feet; a balcony with an approximate area of 114 square feet; and a fenced yard, including a fenced garbage can enclosure, with an approximate area of 287 square feet. (Twelve units)

Type D-R: The reverse of Type D. (Twelve units)

Type E: A one-story unit consisting of seven rooms (three bedrooms, two bathrooms, kitchen, and living room with dining area) with an approximate area of 1,200 square feet; a fenced yard, including a fenced garbage can enclosure, with an approximate area of 220 square feet; an entry deck, including an exterior storage closet, with an approximate area of 72 square feet; and a lanai with an approximate area of 320 square feet. (Eight units)

Type E-R: The reverse of Type E. (Four units)

(There are no Type F units)

Type G: A two-story unit consisting of seven rooms (three bedrooms, two bathrooms, kitchen, and living-dining room) with an approximate area of 1,489 square feet; a fenced yard, including a fenced garbage can enclosure, with an approximate area of 336 square feet; and a lanai with an approximate area of 192 square feet. (Twelve units)

Type G-R: The reverse of Type G. (Twelve units)

Each apartment will have immediate access to a walkway on the grounds of the project.

The apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls, or of the interior load-bearing walls, the floors and perimeter ceilings surrounding such apartment, or any pipes, wires, ducts, conduits, or other utility or service lines running through such apartment which are utilized for or serve more than one apartment, all of which are common elements as hereinafter provided. Each apartment shall be deemed to include the walls and partitions which are not load-bearing and which are within its perimeter walls; doors and frames; windows and window frames; the inner decorated or finished surfaces of all walls, floors, and ceilings; any balcony or lanai adjoining and connected thereto; and all fixtures originally installed therein.

COMMON ELEMENTS: The proposed Declaration states that the common elements for the project include, but are not limited to, said land in fee simple; all foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter and load-bearing walls, roofs, entrances, and exits of said buildings; all roadways, walkways, yards, grounds, landscaping, and recreational facilities; all parking areas, service rooms, equipment rooms, and storage areas; all central and appurtenant installations for common services, including power, light, water, gas, sewer, telephone, television antenna and trash disposal; all tanks, pumps, motors, fans, compressors, ducts, and, in general, all apparatus and installations existing for common use; and all other parts of the project necessary or convenient to its existence, maintenance, and safety, or normally in common use.

LIMITED COMMON ELEMENTS: The proposed Declaration states that each of 200 of the 220 parking stalls in the project shall be a limited common element reserved for the use of a certain apartment. Each apartment shall have an exclusive easement to use two parking stalls, such stalls being designated on the condominium plans with the number of such apartment; provided, however, that notwithstanding anything to the contrary contained herein or inferable therefrom and until December 31, 1975, Owner, for

itself, its assigns, and the agents, employees, and independent contractors of Owner or its assigns, hereby reserves an easement over, under, and across the common elements of the Project, both general and limited, for purposes of all work connected with or incidental to the development, construction, and sale of all or any part of or any interest in the Project or any other part of that certain parcel of land designated as Lot 159, area 101.785 acres, as shown on Map 32 filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1805.

COMMON INTEREST TO BE CONVEYED TO PURCHASER: The proposed Declaration discloses that each apartment shall have appurtenant thereto an undivided percentage interest, or common interest, in the common elements, in all profits and expenses of the project and for all other purposes, including voting, according to the type of such apartment, as follows:

Type of Apartment	Percentage Common Interest
A, A-R, A-1, A-1-R	.6710%
B, B-R	.9470%
B-1, B-1-R	.9580%
C, C-R	1.1330%
D, D-R	.9630%
E, E-R	.8740%
G, G-R	1.0850%

USE: The proposed Declaration provides that the apartments shall be occupied and used only as private residences and only by the respective owners thereof and their tenants, and the families, servants and guests of such owners and tenants, and for no other purpose. The apartments shall not be rented for transient or hotel purposes, which purposes are defined as (a) rental for any period less than 30 days, or (b) rental under which the occupants of the apartments are provided customary hotel services such as room service for food and beverage, maid service, laundry and linen, or bellboy service. Except for the foregoing restrictions as to use, the apartment owners shall have the absolute right to lease their apartments subject to limitations, restrictions, covenants, and conditions contained in the Declaration or the By-Laws.

NOTE: Until all apartments in the Project have been conveyed to others, Owner shall be entitled to use apartments as sales offices and as models for display to the public and to erect signs in the Project.

OWNERSHIP OF AND ENCUMBRANCES AGAINST TITLE: Information contained in the Notice of Intention and in the Preliminary Report dated November 21, 1972, prepared by Security Title Corporation, shows that the fee title to Lot 170, area 46.200 acres, as shown on Map 45 filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1805, of which Lot the project is a part, is vested in Waikiki Development Co., Inc., a Hawaii corporation, and Rotag Development, Inc. (formerly Centex Development Company), a Delaware corporation, general partners of Ahuimanu Investment Company, a California limited partnership. The Preliminary Report indicates the following encumbrances against said Lot 170, of which the project is a part: taxes for the Fiscal Year 1972-1973 are a lien payable as follows:

1st Installment	$2,833.11	OPEN	(Delinquent November 30, 1972)
2nd Installment	$2,833.11	OPEN	(Delinquent May 30, 1973)

assessments for Improvement District No. 162 - Kahaluu Cutoff Road, balance $52,398.63, principal and interest due March 18, 1973, $7,907.43; reservation in favor of the State of Hawaii of all minerals and metallic mines as reserved under Royal Patents 1423, 1554, 1555, 1664, 2012, and 6589; development agreement dated December 13, 1971, effective as of August 27, 1971, by and between Waikiki Development Co., Inc. and Centex Development Company (now Rotag Development, Inc.), as Owner, and Dan Ostrow Construction Co., Inc., as Developer, a short form of which was filed as Document No. 563559, which development agreement is subject to a mortgage dated December 13, 1971 in favor of Bank of Hawaii securing the repayment of $1,400,000.00, and any additional advances and other amounts secured thereby, filed as Document No. 563560 and an undated financing statement recorded on December 22, 1971 in the Bureau of Conveyances of the State of Hawaii in Book 8019 at Page 170; said development agreement is also subject to an additional charge mortgage dated September 20, 1972, also in favor of Bank of Hawaii securing the repayment of an additional $750,000.00 together with interest thereon, filed as Document No. 601994 and an undated financing statement recorded on October 12, 1972 in said Bureau of Conveyances in Book 8660 at Page 223; said land in fee simple is also subject to a mortgage dated October 3, 1972, by Waikiki Development Co., Inc. and Rotag Development, Inc. in favor of Bank of Hawaii securing the repayment of $2,000,000.00 together with interest thereon, filed as Document No. 601804 and Waikiki Development Co., Inc. and Rotag Development, Inc. have assigned to Bank of Hawaii as additional security to said mortgage, all rents, issues, payments, income and profits now or hereafter arising or in any manner accruing from or out of all and every part of the mortgaged property; designation of temporary 44-foot wide access Easements 10 and 11, as shown on Maps 3, 23, and 26, subject to relocation and termination, all as set forth in Land Court Order No. 19208 filed July 21, 1961; access easements 10 and 11, both 44 feet wide and as shown on Map 3, as mentioned in Transfer Certificate of Title 148,967; restriction of access rights as shown on Maps 11, 23, 26, 27 and 32, as set forth by Land Court Order No. 21323 filed June 5, 1963; designation of the following storm drain easements affecting said Lot 170 - Easement

36, as shown on Map 31, as set forth by Land Court Order No. 31439 filed March 12, 1970, and Easement 42 over and across Lot 138 and Easements 44 and 45 over and across Lot 141, all as shown on Map 32, as set forth by Land Court Order No. 31473 filed March 23, 1970; easement in favor of Lot 41 for ingress and egress and for sewers, drainage, and utilities over, across and under Easements 10 and 11, as shown on Maps 3, 23, and 26, subject to substitution and termination, as granted by deed dated June 1, 1961, filed as Document No. 276704; easement, 44 feet wide, in favor of Lot 6-A for ingress and egress over and across Easement 11, as shown on Maps 3, 23, and 26, subject to substitution and termination, as granted by deed dated July 30, 1962, filed as Document No. 293896; right of way in favor of Valley of the Temples Corporation over Easements 10 and 11, as granted by deed dated July 30, 1962, filed as Document No. 293896; grant dated August 19, 1969, filed as Document No. 488748, granting Hawaiian Electric Company, Inc. and Hawaiian Telephone Company an easement for electrical and other purposes, consent thereto filed as Document No. 488749; and grant dated June 9, 1970, filed as Document No. 512551, granting Hawaiian Electric Company, Inc. and Hawaiian Telephone Company an easement for utilities, consent thereto filed as Document No. 512552; declaration of covenants, conditions and restrictions dated June 23, 1972, filed as Document No. 585821; grant dated July 27, 1972, filed as Document No. 591601, granting Hawaiian Electric Company, Inc. a perpetual right and easement for utility purposes, over, under and within Lot 170 (besides other lands), consents thereto filed as Documents Nos. 591602 and 591603; 80-foot building set-back abutting Kahekili Highway, as indicated on Map 45, as mentioned in Transfer Certificate of Title No. 148967. Lot 170 and those lots into which it may subsequently be subdivided shall have a perpetual non-exclusive easement for ingress, egress, and drainage, utility, and sewer purposes over, under, and across Lot 167, as shown on Map 45, and Lot 47, as shown on Map 26, to be used in connection with others entitled thereto, for access to and from a public highway; provided, however, that at such time or times as said Lot 167 or said Lot 47, or any portion or portions of either of said lots, be conveyed to or acquired by the State of Hawaii, the City and County of Honolulu, or any other governmental authority as a public right-of-way all private easements in said lot or any portion or portions thereof so conveyed or acquired shall automatically terminate. The Developer advises that upon subdivision of the project out of said Lot 170, a number of the foregoing encumbrances will by Land Court Order no longer affect the project.

PLANNED UNIT DEVELOPMENT: The Notice of Intention discloses that the project is zoned as a portion of Planned Development-Housing (PD-H) District No. 4 pursuant to Ordinance No. 3622 of the City and County of Honolulu approved October 27, 1970, as amended by Ordinance No. 3719 approved April 15, 1971, and that in accordance with that Ordinance, as amended, it has been necessary to incorporate its provisions as covenants running with the land. Paragraph 19 of the proposed Declaration, which so incorporates these provisions and is restated in the specimen Sales Contract and Apartment Deed, provides as follows:

19. Planned Unit Development. The Project has been zoned as a part of Planned Development-Housing (PD-H) District No. 4 pursuant to Ordinance No. 3622 of the City and County of Honolulu approved October 27, 1970, as amended by Ordinance No. 3719 approved April 15, 1971. Unless and until they are repealed or otherwise superseded or amended, the provisions of Ordinance No. 3622, as amended, which are hereby incorporated herein by reference, shall constitute covenants running with the land which shall inure to the benefit of the City and County of Honolulu and its successors and shall be binding upon all who now or hereafter may own or occupy any interest in the Project; provided, however, that if any such provision is repealed or otherwise superseded, it shall automatically cease to operate as a covenant running with the land; and provided, further, that if any such provision is amended, it shall thereafter operate as a covenant running with the land in its amended form.

SEPARATE HOME OWNERS ASSOCIATION: As previously mentioned, the project is a part of Planned Development-Housing District No. 4, which provides for the development of 449 townhouse and highrise apartments in several phases, of which the project is the third, with common recreational facilities centrally located to serve all phases. In January, 1972, the Developer substantially completed a clubhouse, swimming pool, and other recreational facilities on a recreational lot, which recreational lot will not be a part of the project but will serve all such phases, including the project. The recreational lot adjoins the project and, is designated as Lot 169 on Map 45 filed with Land Court Application 1805 which map shows the recreational lot to contain an area of 4.545 acres. In order to help assure that no phase, including the project, should be burdened with any greater proportion of the maintenance of the recreational lot and its facilities than would be the case if all phases were completed, the Developer has utilized a legal framework whereby the recreational lot and its facilities has not only been subdivided out of the rest of the planned unit development district but according to which it will be administered by a separate home owners association. Under the legal framework being utilized, each apartment in the project would have a percentage undivided interest in the common elements thereof as previously set forth and would also be responsible for the same percentage of the common expenses of the project. Each apartment would eventually bear an equal 1/449th share with every other one of the 449 units described for the entire planned unit development district, of the maintenance of the recreational lot and its facilities. In order to provide for the maintenance of the recreational lot and its facilities, separate and apart from the condominium framework of the project or from the framework of any other phase, the Developer has created the Club View Gardens Home Owners Association by causing to be executed and filed with the Department of Regulatory Agencies of the State of Hawaii a Petition for Charter of Incorporation and proposed By-Laws of the

Club View Gardens Home Owners Association. The Charter of Incorporation for the Association was issued by the Director of Regulatory Agencies on May 18, 1972. On June 23, 1972, said Waikiki Development Co., Inc. and said Centex Development Company, general partners of said Ahuimanu Investment Company, and the Developer, as Declarants, filed a Declaration of Covenants, Conditions and Restrictions dated June 23, 1972, in the said Office of the Assistant Registrar as Document No. 585821, as amended by Amendment to the Declaration, dated August 4, 1972, subjecting said Lot 169 to easements, restrictions, covenants, and conditions in favor of those lots upon which Club View Gardens, including the project, will be constructed. The Amendment to the Declaration states the initial fee per apartment unit per month for maintenance of the recreational lot as more fully discussed below. The recreational lot which will constitute common property governed by the aforesaid Declaration of Covenants, Conditions, and Restrictions, will be owned by the Club View Gardens Home Onwers Association which has been organized as a non-profit corporation separate and apart from the Association of Apartment Owners of the project. As phases of Club View Gardens are completed and individual apartments are conveyed to purchasers, the purchasers will become members of the Club View Gardens Home Owners Association as well as members of the Association of Apartment Owners of their condominium and will be entitled to the use of the recreational lot and its facilities as provided for in the Declaration of Covenants, Conditions and Restrictions. The Developer has reserved the right over a five-year period to add all or any of the 449 units of the planned unit development district. Each owner of an apartment in the project would be required to be a member of the Home Owners Association and to pay an equal share toward the expenses of maintaining the recreational lot and its facilities.

In order to assure the maintenance of the recreational lot and its facilities, notwithstanding that completion of the various phases of the planned unit development district may take up to five years, the Developer has entered into a Property Maintenance Agreement, dated June 23, 1972, amended August 4, 1972, with the Home Owners Association, for a term of five (5) years, commencing June 23, 1972, to do all maintenance for a fee of $3.00 per unit per month. Notwithstanding the fact that the monthly cost to Developer of performing its duties under the Property Maintenance Agreement shall exceed the total amount due from the Home Owners Association based upon the per unit fee, no additional charge shall be levied upon the Association and the Developer shall bear the difference between the cost of performing its duties and the amounts payable by the Association for the term of the Property Maintenance Agreement. Thus, each apartment owner in the phases of the planned unit development district, including the project, during the period from June 23, 1972, through June 23, 1977, will pay only $3.00 per month as his share of the maintenance fees for the recreational center. Thereafter, he will pay an equal percentage share of the total maintenance fees for the recreational center

which, if all phases of the planned unit development district are completed, will be an equal 1/449th share. The Developer has submitted to the Commission copies of the executed Declaration of Covenants, Conditions and Restrictions, Charter of Incorporation and By-Laws of the Club View Gardens Home Owners Association, the Property Maintenance Agreement and Amendment.

The Developer advises that while it is possible that the Home Owners Association, if the Developer does not complete and add to the Home Owners Association all of the 449 units prescribed for the planned unit development district, may be faced, upon the expiration of the Property Maintenance Agreement, as amended, with maintenance costs in excess of the total maintenance fees then receivable by it from purchasers of apartments in the project and from purchasers or other owners of other completed units in the planned unit development district, the Developer believes as a practical matter that the purchasers or other owners of completed units in the planned unit development district, including purchasers of apartments in the project, will not be unduly prejudiced, if at all, by the increased proportionate shares of the maintenance costs which they would have to bear for the reason that they would be the only members of the Home Owners Association, owning in fee simple the recreational lot and its facilities.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated July 19, 1972, between Bank of Hawaii, as escrow agent, and Dan Ostrow Construction Co., Inc., as seller, has been submitted as a part of this registration. The specimen Sales Contract and the executed Escrow Agreement have been examined and have been found to conform with the requirements of Chapter 514, Hawaii Revised Statutes, including the requirements of Sections 514-36 through 514-40, Hawaii Revised Statutes.

NOTE: The Escrow Agreement provides that all transactions with respect to apartments in a particular townhouse building shall be treated by Escrow Agent as a separate escrow, as though this agreement were several separate agreements, each covering one of said townhouse buildings, although all funds held by Escrow Agent with respect to the Project may be kept in a common escrow account. Accordingly, sales contracts with respect to apartments in a particular townhouse building shall be closed as soon as all conditions thereunder and hereunder for such closing have been met, notwithstanding that buildings are not then ready for closing.

The Sales Contract provides for cancellation of this sales contract by written notice to buyer, in which event Seller shall refund to Buyer all amounts paid by him hereunder, without interest and after deduction of Buyer's share of escrow fees and all mortgage loan expenses, if upon expiration of nine months after the issuance of a Final Public Report covering the project, at least 80% of the apartments in the project have not been sold under binding sales contracts.

Since the Sales Contract gives both the prospective purchaser and the Developer the option of cancellation upon the occurrence of

certain events; since the Escrow Agreement establishes the procedure for receiving and disbursing purchasers funds deposited in escrow; and since the Sales Contract specifically incorporates the Escrow Agreement and provides that the purchaser approves its provisions, it is incumbent upon the prospective purchaser to read and understand both the Escrow Agreement and the Sales Contract before executing the latter.

MANAGEMENT AND OPERATION: The proposed Declaration and By-Laws of the Association of Apartment Owners provide that the operation of the project shall be conducted for the Association by a responsible corporate managing agent under the direction of the Association's Board of Directors. The specimen Sales Contract authorizes the Developer to employ the first managing agent; gives the managing agent complete authority for the management, operation, and maintenance of the project, and provides that upon being billed for the same, the purchaser will pay his proportionate share of project maintenance expenses and reserves. The Developer advises that it presently intends to retain Hawaiiana Management Company as the initial managing agent. As previously mentioned, the Developer has undertaken the maintenance of the recreational center, which is separate from the project, for a five-year period, under a Property Management Agreement dated June 23, 1972, amended August 4, 1972, with the Club View Gardens Home Owners Association, a non-profit corporation.

STATUS OF PROJECT: The Developer advises that it will commence construction of the apartment buildings in March, 1973, and that construction will be substantially completed in nine (9) to ten (10) months after commencement.

The purchaser or prospective purchaser should recognize that this published report represents information disclosed by the Developer in the required Notice of Intention submitted on August 4, 1972, and additional information subsequently filed as February 5, 1973.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 478 filed with the Commission on August 4, 1972.

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

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

Distribution:
DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING DEPARTMENT, CITY AND COUNTY OF HONOLULU
FEDERAL HOUSING ADMINISTRATION
BANK OF HAWAII, ESCROW DEPARTMENT

Registration No. 478
February 8, 1973