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
THE ROYAL KAILUAN
Kuakini Highway
Kailua-Kona, Hawaii

Registration No. 675

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: July 17, 1975
Expires: August 17, 1976

SPECIAL ATTENTION

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

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED APRIL 17, 1974, AND INFORMATION SUBSEQUENTLY FILED AS OF MAY 30, 1975. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, SET FORTH IN CHAPTER 514, HAWAII REVISED STATUTES.

1. Since the issuance of the Commission's Preliminary Public Report on THE ROYAL KAILUAN, Registration No. 675, dated May 6, 1974, the Developer has submitted additional information and requested a Final Public Report.

2. The Developer of the project has submitted to the Commission for examination all documents and materials deemed necessary by the Commission for registration of a condominium project and the issuance of this Final Public Report.

3. 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, State of Hawaii. The Declaration of Horizontal Property Regime, executed July 19, 1974, with By-Laws attached, was recorded in the Bureau of Conveyances of the State of Hawaii on May 21, 1975, in Book 10655, Page 370. The approved Floor Plans showing the layout, location, apartment numbers, etc., have been designated The Royal Kailuan Condominium Map No. 412 by the Registrar, Bureau of Conveyances.

4. Advertising and 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 Rules and Regulations of the Hawaii Real Estate Commission which relate to Horizontal Property Regimes.

6. This Final Public Report is made a part of the registration of The Royal Kailuan condominium project. The Developer has the responsibility of placing a true copy of this Final Public Report (white paper stock) in the hands of all purchasers and prospective purchasers. Securing a signed copy of the Receipt for the Final Public Report from each purchaser and prospective purchaser is also the responsibility of the Developer.

7. This Final Public Report automatically expires thirteen (13) months after the date of issuance, July 17, 1975, unless a supplementary public report is published, or the Commission, upon review of the registration, issues an order extending the effective period of this report.

This Final Public Report amends and supercedes in its entirety the Preliminary Public Report, since Section 514-39, Hawaii Revised Statutes, provides that a purchaser or prospective purchaser has a right to cancel if a final public report is not issued within one year from the date of issuance of a preliminary public report.

NAME OF PROJECT: THE ROYAL KAILUAN

LOCATION: The project is located on the mountain side of Kuakini Highway in the Kailua-Kona district of the Island and County of Hawaii, State of Hawaii, State of Hawaii, and consists of approximately 56,018 square feet of land (1.286 acres).

TAX MAP KEY: 7-5-9-56

ZONING: Multiple Family RM-1250

DEVELOPER: American Pacific Development Company, a partnership whose principal place of business and mailing address is 1888 South Jackson, #906, Denver, Colorado, 80210.

The partners are John W. Dick and Jacob Klassen.

The Hawaii address of the above partnership is P. O. Box 389, Kailua-Kona, Hawaii 96740.

ATTORNEY REPRESENTING DEVELOPER: Decker & Miller, P. C., Suite 405, 4155 East Jewell Avenue, Denver, Colorado, 8022. Phone: (303)758-7333.

DESCRIPTION OF THE PROJECT: The Declaration of Horizontal Property Regime reflects the project consists of two buildings with three floors each. Construction will be principally of wood, stucco and glass, with wood and metal roofing. There will be 51 open parking stalls.

Building No. 1 shall contain on the first floor three (3) two-bedroom apartment units, four (4) one-bedroom apartment units and the recreation room; on each of the second and third floors there shall be four (4) two-bedroom apartment units and four (4) one-bedroom apartment units. Apartment units 101 to 107 inclusive are located on the first floor; 215 to 222 inclusive are located on the second floor; and 330 to 337 inclusive are located on the third floor.

Building No. 2 shall contain on each of the three levels, three (3) two-bedroom apartment units and four (4) one-bedroom apartment units. Apartment units 108 to 114 inclusive are located on the first floor; 223 to 229 inclusive are located on the second floor; and 338 to 344 inclusive are located on the third floor.

There are three common stairways between the two buildings which service each of the three apartment levels in addition to a single common elevator which services the three apartment levels.

TYPES OF APARTMENTS: There are two types of apartments - Type A and Type B.
The Type A apartments are one-bedroom apartment units each containing four (4) main rooms, including one bedroom, one bathroom, one kitchen and one living-dining room, plus a walk-in closet, linen closet and lanai. Apartment units 114, 129 and 344, being one-bedroom apartments located at the far west end of Building No. 2, each have an additional balcony. Each unit has a gross floor area of approximately 685 square feet which includes 82 square feet of open lanai area. The balcony area is not included.

The Type B apartments are two-bedroom apartment units each containing six (6) main rooms, including two bedrooms, two bathrooms, one kitchen and one living-dining room, plus four (4) main closets, a linen closet, a coat closet and lanai. Apartment units 215 and 330, being two-bedroom apartments located at the far west end of Building No. 1, each have an additional balcony. Each unit has a gross floor area of approximately 944 square feet which includes 98 square feet of open lanai area. The balcony area is not included.

Each apartment has immediate access to the parking area and public streets of the project by way of walkways, the elevator, and stairways contained in the buildings.

Each apartment unit shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or load-bearing walls, the floors and ceilings surrounding each apartment, or any pipes, wires, conduits or other utility or service lines running through such apartments whichare utilized for or serve more than one apartment, the same being deemed common elements. Each apartment shall be deemed to include all the walls and partitions which are not loadbearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, and all fixtures originally installed therein including refrigerator, range hood, range, disposal, dishwasher, air conditioner, hot water heater and a washer-dryer.

COMMON ELEMENTS: The common elements will include the limited common elements described below and all other portions of the land and improvements other than the apartments including the building, the land on which it is located and all elements mentioned in the Horizontal Property Act which are actually constructed on the land described herein and specifically shall include, but shall not be limited to: (a) said land in fee simple; (b) all foundations, columns, girders, beams, supports, main or load-bearing walls, roofs, corridors, stairs, stairways, parking areas, storage areas, equipment rooms, yards, grounds, fences, landscaping and recreational facilities, including the recreation room, swimming pool, reflecting pool and related equipment; (d) all ducts, electrical equipment, wiring and other central and appurtenant installations including power, light, water, sewer and telephone; (e) the elevator, tanks, pumps, moters, fans, compressors, ducts and other apparatus and installations existing for common use.

LIMITED COMMON ELEMENTS: The limited common elements are automobile parking spaces designated on said consominium map by Nos. 1 through 44 inclusive and shall be appurtenant to the respective apartments with which the same are conveyed upon the initial conveyance by deed.

PERCENTAGE OF UNDIVIDED OWNERSHIP TO BE CONVEYED: Percentage of undivided interest in all the common elements of whatever kind appertaining to each apartment and its owner for all purposes shall be as follows:

Type A apartments - 1.939%
Type B apartments - 2.6732%

The voting rights of the apartment owner as well as his share of the common profits and expenses shall also be in proportion to his common interest.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The apartments shall be occupied and used only for residential purposes and not for, or in connection with, the carrying on of any business or trade whatsoever. Except for such business or trade purposes, the owners of the respective apartments shall have the absolute right to lease the same subject to the limitations, restrictions, covenants and conditions of the Declaration.

OWNERSHIP OF TITLE: Certificate of Title dated February 15, 1974, and Continuation of Certificate of Title dated May 21, 1975, prepared by Long & Melone, Ltd., certifies that Lanvail, Inc., a Colorado corporation, is the fee owner of the land. The Developer has filed with the Commission a Declaration of Trust disclosing that title is held by Lanvail, Inc., for the use and benefit of the Developer.

ENCUMBRANCES: Said Certificate of Title reflects that the land is subject to the following encumbrances:

1. Mortgage from Lanvail, Inc., a Colorado corporation, to Trustees of Alison Mortgage Investment Trust, et al., dated July 27, 1973, recorded in Bureau of Conveyances in Book 9421 at Page 346. Amended by Modification Agreement, Amendment to Building Loan Mortgage and Amendment to Construction Loan Agreement dated June 20, 1974, recorded in Book 10141 at Page 484 to provide that the principal anount secured is increased to $1,243,000.00.

2. Additional Mortgage from Jacob Klassen, husband of Lorraine Klassen, and John W. Dick, husband of Mary Dick, to Bobby C. Hamilton and Betty Jean Hamilton, husband and wife, and Lester Petersen and Deloris Petersen, husband and wife, dated February 26, 1971, recorded in said Bureau of Conveyances in Book 9346 at Page 312, to secure the principal amount of $255,000.00. Said Mortgage amended by instrument dated July 25, 1973, recorded in Book 9421 at Page 341. Subordination Agreement dated August 16, 1973, recorded in Book 9421 at Page 390. Additional Subordination Agreement between Lanvail, Inc., and Bobby C. Hamilton, Betty Jean Hamilton, Lester Petersen and Deloris Petersen dated June 20, 1974, recroded in Book 10141 at Page 480 subordinating Mortgage dated February 26, 1971, in Book9346 at Page 312, as amended by instrument dated July 25, 1973, recorded in Book 9421 at Page 341, to Modification Agreement, Amendment to Building Loan Mortgage and Amendment to Construction Loan Agreement dated June 20, 1974, recorded in Book 10141 at Page 484.

3. Financing Statement from Lanvail, Inc., in favor of the Trustees of Alison Mortgage Investment Trust, recorded August 23, 1973, in Book 9429 at Page 65.

4. Mechanic's Lien No. 389, filed December 19, 1974, in the Third Circuit Court, State of Hawaii, entitled HOH Corporation vs. Lanvail, Inc., et al., in the amount of $37,930.00. Suit to enforce said Mechanic's Lien was filed January 3, 1975, in Circuit Court as Civil No. 3657.

5. Real Property Taxes for the fiscal year July 1, 1974, to June 30, 1975. Reference is hereby made to the Tax Office on the Island of Hawaii for subsequent taxes which may be due and owing and a lien on said premises.

6. Reservations of all mineral and metallic mines to the State of Hawaii.

PURCHASE MONEY HANDLING: A copy of the specimen sales contract and Escrow Agreement have been submitted as part of the registration. The executed Escrow Agreement dated March 21, 1974, identified Long & Melone Escrow, Ltd., as the "Escrow". Upon examination, the specimen sales contract and the executed Escrow Agreement are found to be in compliance with Chapter 514, Hawaii Revised Statutes, and particularly with Section 514-35 and Sections 514-36 through 514-40.

Among other provisions, the Escrow Agreement provides that a purchaser shall be entitled to a refund of his funds, without interest, if purchaser requests in writing the refund of his funds and any one of the following has occurred: (1) Escrow receives a written request from Seller and the interim lender to return to purchaser the funds of such purchaser then held by Escrow; (2) if there is any change in the building plans requiring the approval of a County officer having jurisdiction over the issuance of permits for construction, unless the purchaser has given written approval of acceptance of the change; (3) if the request is prior to the time the Final Public Report is issued, and if the Final Public Report differs in any material respect from the Preliminary Public Report; or (4) 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 prospective purchaser to read and understand the Escrow Agreement and Sales Contract before executing the Sales Contract.

The Escrow Agreement establishes how the proceeds from the sale of units and all sums from any source are placed in trust, as well as the retention disbursement and refund of said trust funds.

MANAGEMENT AND OPERATIONS: The Declaration discloses that the administration of the project shall be vested in the Association of Apartment Owners. The Declaration and By-Laws of the Association place the responsibility of employing a responsible corporate managing agent to manage and control the project, subject at all times to direction by the Board of Directors, upon the Board.

STATUS OF PROJECT: The Developer has advised the Commission that the buildings have been completed and has submitted to the Commission a Certificate of Occupancy issued by the Bureau of Building Construction and Inspection, County of Hawaii.

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 April 17, 1974, and information subsequently filed as of May 30, 1975.

This FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of Registration No. 675 filed with the Commission on April 17, 1974.

This 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. SODETANI, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING DEPARTMENT, COUNTY OF HAWAII
FEDERAL HOUSING ADMINISTRATION
ESCROW AGREEMENT

Registration No. 675
July 17, 1975