

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
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 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: May 6, 1974
Expires: June 6, 1975

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. 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. The Royal Kailuan is a proposed fee simple condominium project consisting of 44 residential apartments situated in two three-story buildings. There are a total of 51 assigned open parking stalls of which 7 are guest parking stalls. There shall be at least one parking stall appurtenant to each a apartment as Limited Common Elements.

2. The Developer of the project have submitted to the Commission for examination all documents and materials deemed necessary by the Commission for the registration of a condominium project and the issuance of this Preliminary Public Report.
3. Basic documents (Declaration of Horizontal Property Regime, By-Laws of Association of Apartment Owners, and a copy of approved floor plans) have not yet been filed in the Office of the Recording Officer.
4. The Developer has not yet submitted its program of financing the building of the project and a statement of the estimated costs involved in completing the project. The Developer has not yet secured an interest from a financial institution to provide both construction financing and long-term mortgage loans to individually qualified purchasers of the apartment units.
5. No advertising or promotional matter has been submitted pursuant to 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 Rules and Regulations of the Hawaii Real Estate Commission which relate to Horizontal Property Regimes.
7. This Preliminary 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 the Preliminary Public Report (yellow paper stock) in the hands of all purchasers and prospective purchasers.
8. This Preliminary Public Report automatically expires 13 months after the date of issuance, May 6, 1974, unless a supplementary report issues, or the Commission, upon review of the registration, issues an order extending the effective period of this 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, and consists of approximately 56,018 square feet of land (1.286 acres).

TAX MAP KEY: Zone 7, Section 5, Plat 9, Parcel 56

ZONING: Multiple Family RM-1250
(1250 square feet of land per unit)

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 AND OWNER: Decker & Miller, P.C., Suite 405, 4155 East Jewell Avenue, Denver, Colorado, 80222. Phone: (303) 758-7333.

DESCRIPTION OF THE PROJECT: The proposed 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.

The one-bedroom apartment units each contain 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 two-bedroom apartment units each contain 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 building.

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 which are 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 load bearing 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, walkways, entrances and exits of said building; (c) all drive-ways, 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, motors, 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 condominium 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	-	2.673%

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: The Certificate of Title dated February 15, 1974, prepared by Long & Melone, Ltd., certifies that Lanvail, Inc., a Colorado corporation, is the fee owner of the land.

ENCUMBRANCES: Said Certificate of Title reflects that the land is subject to the following reservations, easements, liens and encumbrances, etc.:

(1) Mortgage from Lanvail, Inc., a Colorado corporation, to Trustees of Alison Mortgage Investment Trust, et al., dated July 27, 1973, recorded in said Bureau of Conveyances in Liber 9421 at Page 346, to secure the principal amount of \$1,050,000.00.

(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 Liber 9346 at Page 312, to secure the principal amount of \$255,000.00. Said Mortgage amended by instrument dated July 25, 1973, recorded in Liber 9421 at Page 341. Subordination Agreement by instrument dated August 16, 1973, recorded in Liber 9421 at Page 390.

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

(4) Real Property Taxes for the second half of fiscal year July 1, 1973, to June 30, 1974. 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.

(5) 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 Request 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 under 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.

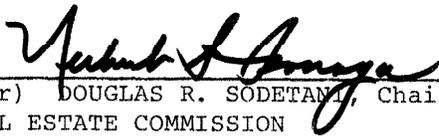
MANAGEMENT AND OPERATION: The Declaration discloses that the administration of the project shall be vested in the Association of Apartment Owners. The proposed Declaration and By-Laws of the Association place the responsibility of employing a responsible corporate managing agent to manage and control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

STATUS OF PROJECT: The project is under construction and is expected to be completed by June 15, 1974. Developer has filed with the Commission a Declaration of Trust disclosing that title is held by Lanvail, Inc., a Colorado corporation, for the use and benefit of the Developer.

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.

THIS PRELIMINARY 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 yellow.



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

Distribution:

DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING DEPARTMENT, CITY & COUNTY OF HAWAII
FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT

Registration No. 675
May 6, 1974