

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
HANALEI BEACH AND RACQUET CLUB APARTMENTS
Princeville, Hanalei
Island of Kauai, State of Hawaii

REGISTRATION NO. 738

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: May 12, 1975
Expires: June 12, 1976

SPECIAL ATTENTION

A comprehensive reading of this 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 DECEMBER 16, 1974, AND INFORMATION SUBSEQUENTLY FILED AS OF MAY 2, 1975. THE DEVELOPER, BY NOTIFYING THE REAL ESTATE COMMISSION ("Commission") OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, HAWAII REVISED STATUTES, CHAPTER 514 ("The Act").

1. HANALEI BEACH AND RACQUET CLUB APARTMENTS is a proposed fee simple condominium project ("Project") containing 134 residential Apartments located in 16 buildings and 1 commercial Apartment located in a separate building. The Common Elements of the Project contain parking for 149 vehicles.

2. The Developer of the Project has submitted to the Commission for examination all documents deemed necessary for the registration of a condominium project pursuant to The Act and the issuance of this Final Public Report.
3. The Developer reports that the Declaration of Horizontal Property Regime and the Bylaws ("Bylaws") have been recorded in the Bureau of Conveyances, State of Hawaii, in Book 10303, Page 105, said Declaration being amended by instruments dated April 17, 1975 and April 29, 1975 and recorded in the Bureau of Conveyances in Book 10579, Page 451, and Book 10603, Page 489, respectively, (the Declaration as thus amended hereinafter the "Declaration"), and that the Condominium Map ("Condominium Map") has been recorded as aforesaid, as Map No. 391. The Developer is required to issue to each purchaser or prospective purchaser a copy of the Declaration and Bylaws and give them the opportunity to study these documents prior to entering a sales contract.
4. As of this date no advertising and promotional matters have been submitted to the Commission.
5. The Declaration and the specimen Sales Contract show that the Developer intends to sell 52 undivided co-tenancy interests ("Time Interests") in each of the 134 residential Apartments. Each Time Interest is for seven days (the "Use Period") less ten hours (the "Service Period") except for Use Period 52, which every five or six years extends for 14 days less ten hours.
6. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of The Act and the Rules and Regulations of the Commission which relate to Horizontal Property Regimes.
7. This Final Public Report automatically expires thirteen (13) months after the date of issuance, May 12, 1975, unless a Supplementary Public Report issues, or the Commission, upon review of registration, issues an order extending the effective date of this Final Public Report.
8. This Final Public Report is made a part of the registration of Hanalei Beach and Racquet Club Apartments 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 and securing a signed copy of the receipt for the Final Public Report from each purchaser.

<u>Building</u>	<u>Apartment Numbers</u>	<u>Floor</u>	<u>Approximate Square Feet of Living Area in Each Apartment</u>	<u>Approximate Square Feet of Lanai in Each Apartment</u>	<u>Type</u>
1	A11, A12	1st	1,705.03	380.82	3 Bedroom
	A21, A22	2nd	"	"	" "
	A31, A32	3rd	"	"	" "
2	B13, B14	1st	1,334.60	287.87	2 Bedroom
	B23, B24	2nd	"	"	" "
	B33, B34	3rd	"	"	" "
3	C15, C16	1st	1,705.03	380.82	3 Bedroom
	C25, C26	2nd	"	"	" "
	C35, C36	3rd	"	"	" "
4	G11, G12	1st	1,334.60	287.87	2 Bedroom
	G21, G22	2nd	"	"	" "
	G31, G32	3rd	"	"	" "
5	H13, H14	1st	1,334.60	287.87	2 Bedroom
	H15, H16	1st	"	"	" "
	H23, H24	2nd	"	"	" "
	H25, H26	2nd	"	"	" "
	H33, H34	3rd	"	"	" "
	H35, H36	3rd	"	"	" "
6	L17, L18	1st	1,334.60	287.87	2 Bedroom
	L27, L28	2nd	"	"	" "
	L37, L38	3rd	"	"	" "
7	K15, K16	1st	1,334.60	287.87	2 Bedroom
	K25, K26	2nd	"	"	" "
	K35, K36	3rd	"	"	" "
8	J11, J12	1st	1,334.60	287.87	2 Bedroom
	J13, J14	1st	"	"	" "
	J21, J22	2nd	"	"	" "
	J23, J24	2nd	"	"	" "
	J31, J32	3rd	"	"	" "
	J33, J34	3rd	"	"	" "
9	F15, F16	1st	1,334.60	287.87	2 Bedroom
	F25, F26	2nd	"	"	" "
10	E13, E14	1st	1,334.60	287.87	2 Bedroom
	E23, E24	2nd	"	"	" "
	E33, E34	3rd	"	"	" "
11	D11, D12	1st	1,334.60	287.87	2 Bedroom
	D21, D22	2nd	"	"	" "
12A	M15, M16	1st	867.27	224.42	1 Bedroom
	M25, M26	2nd	"	"	" "

<u>Building</u>	<u>Apartment Numbers</u>	<u>Floor</u>	<u>Approximate Square Feet of Living Area in Each Apartment</u>	<u>Approximate Square Feet of Lanai in Each Apartment</u>	<u>Type</u>	
12B	N11, N12	1st	867.27	224.42	1 Bedroom	
	N13, N14	1st	"	"	" "	
	N21, N22	2nd	"	"	" "	
	N23, N24	2nd	"	"	" "	
	N31, N32	3rd	"	"	" "	
	N33, N34	3rd	"	"	" "	
	N41, N42	4th	"	"	" "	
13	P11, P12	1st	867.27	224.42	1 Bedroom	
	P13, P14	1st	"	"	" "	
	P21, P22	2nd	"	"	" "	
	P23, P24	2nd	"	"	" "	
	P31, P32	3rd	"	"	" "	
	P33, P34	3rd	"	"	" "	
14	T11, T12, T13	1st	867.27	224.42	1 Bedroom	
	T14, T15, T16	1st	"	"	" "	
	T21, T22, T23	2nd	"	"	" "	
	T24, T25, T26	2nd	"	"	" "	
	T31, T32, T33	3rd	"	"	" "	
	T34, T35, T36	3rd	"	"	" "	
	15	R15, R16	1st	867.27	224.42	1 Bedroom
		R17, R18	1st	"	"	" "
		R25, R26	2nd	"	"	" "
R27, R28		2nd	"	"	" "	
R35, R36		3rd	"	"	" "	
R37, R38		3rd	"	"	" "	
16	16	1st & 2nd				

135 units

The layout, location and number of each Apartment is shown on the Condominium Map.

Each of the twelve Apartments in Buildings 1 and 3 shall have a living-dining room, a kitchen, 3 bedrooms, 3 bathrooms and 4 lanais. Each of the sixty-two Apartments in Buildings 2 and 4 through 11, inclusive, shall have a living-dining room, a kitchen, 2 bedrooms, 2 bathrooms and 3 lanais. Each of the sixty Apartments in Buildings 12A, 12B, 13, 14 and 15 shall have a living-dining room, a kitchen, a bedroom, 2 bathrooms and 2 lanais.

Apartment 16 shall contain a lounge, a bar area, a dining room, a kitchen, an office, a reception area, a porte cochere, an area for a commercial shop and enclosed and open decks on the main floor;

and storage locker, service areas, a lounge, locker and shower rooms, and areas for commercial shops on the ground floor.

The kitchen of each Apartment (except for Apartment 16) shall include a double stainless steel sink, garbage disposal, a range, a refrigerator/freezer, a dishwasher and a clothes washer/dryer.

Each bathroom in an Apartment (except for Apartment 16) shall contain a sink, lavatory and bathtub/shower combination.

All Apartments shall have access to the Common Elements at the first or ground floor level.

The Declaration provides that:

"4. Limits of Apartments. Except for Apartment 16, the respective Apartments shall not be deemed to include the undecorated or unfinished walls, the floors and ceilings surrounding each Apartment, or any pipes, wires, conduits or other utility lines running through such Apartment which are utilized for or serve more than one Apartment, the same being deemed Common Elements. Each Apartment shall include any lanais shown on the Condominium Map. 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 the built-in fixtures. Apartment 16 shall be deemed to include the space enclosed by and within the outside surfaces of the exterior walls and roofs and the bottom surfaces of the slabs, footings and foundations of such Apartment."

COMMON ELEMENTS: The Common Elements will include the land and all improvements on the land, including Buildings 1 through 11, inclusive, Buildings 12A, 12B, 13, 14 and 15 (except for all portions of such Buildings which are Apartments), the Limited Common Elements, as well as all Common Elements mentioned in Chapter 514, Hawaii Revised Statutes, which are actually constructed on the land and specifically shall include, but shall not be limited to the following: (a) The land in fee simple; (b) All foundations, floor slabs, columns, load-bearing walls and roofs of Buildings 1 through 11, inclusive, Buildings 12A, 12B, 13, 14 and 15; (c) All landscaped yards, plantings and retaining walls, and similar items; (d) Two swimming pools and their respective adjacent terraces, and eleven tennis courts; (e) All roads, driveway areas and exterior ground level walkways and golf cart paths; (f) 149 parking stalls designated "common parking stalls" on the Condominium Map; (g) All ducts, electrical equipment, wiring and other central and appurtenant installations for services including power, light, cold and hot water, refuse and telephone; and (h) All other devices or other installations upon the land existing for, or rationally of, common use to all Apartments within the Project.

LIMITED COMMON ELEMENTS: Certain portions of the Common Elements shall be limited in use to the Apartment or Apartments to which they are appurtenant. There shall be appurtenant to Apartment 16 as Limited Common Elements thereof those areas marked "Limited Common Elements Appurtenant to Apartment 16" on the Condominium Map.

PERCENTAGE OF UNDIVIDED OWNERSHIP TO BE CONVEYED: The percentage of undivided interest in all the Common Elements appertaining to each of the twelve Apartments in Buildings 1 and 3 shall be 1.08%; that appertaining to each of the sixty-two Apartments in Buildings 2 and 4 through 11, inclusive, shall be 0.85%; and that appertaining to each of the remaining sixty Apartments in Buildings 12A, 12B, 13, 14 and 15 shall be 0.57%; and that appertaining to Building 16 shall be 0.14%.

Each buyer ("Time Interest Owner") who purchases one of the Time Interests designated as Use Periods 1 through 51, inclusive, in the Declaration will receive a 1.923% undivided co-tenancy interest (except for the Time Interest Owner who purchases Use Period 52 who will receive a 1.927% undivided co-tenancy interest) in common with other Time Interest Owners of his Apartment in and to the Apartment and its appurtenant interest in the Common Elements.

PURPOSE OF BUILDINGS AND RESTRICTIONS AS TO USE: The Apartments in Buildings 1 through 15, inclusive, shall at all times be used only as a dwelling for the Apartment Owner or Time Interest Owners, their respective families, tenants and social guests. One bedroom Apartments shall not be occupied by more than four (4) persons; two bedroom Apartments shall not be occupied by more than six (6) persons; and three bedroom Apartments shall not be occupied by more than eight (8) persons. An Apartment Owner or Time Interest Owner may rent or arrange to have an Apartment rented. The Apartment Owners or Time Interest Owners of Apartments in Buildings 1 through 15 shall not, without the prior written consent of the Board, make any structural alterations in or additions to the exterior of an Apartment (including awnings, jalousies or screens) or to any other portion or portions of the Common Elements appurtenant to such Apartments unless otherwise provided by the Bylaws. Apartment 16 and its Limited Common Elements may be used by its Apartment Owner for any commercial and recreational activities permitted by law, including but not limited to use as a restaurant and bar, a tennis or other club or clubs, a tennis equipment shop, food and beverage shops and other commercial shops.

The Declaration provides that:

"Anything in this instrument or in the Bylaws to the contrary notwithstanding, the Owner of Apartment 16 shall have the right, to be exercised from time to time, and terminating on December 31, 1990, to alter the dimensions, structure or character of such Apartment or any improvements on or comprising the Limited Common Elements appurtenant thereto or to erect additional improvements within the Limited Common Elements and the

Board of Directors of the Association and all Apartment Owners and Time Interest Owners shall be deemed conclusively by their acceptance of an Apartment or interest therein to have consented to any such alteration or addition and such alteration or addition may be made without further consent of the Board, or any other Apartment Owner or Time Interest Owner or any other person having an interest in the Project."

"The Owner of Apartment 16 shall be solely responsible for the repair, maintenance and restoration of the Limited Common Elements appurtenant to Apartment 16."

TIME-SHARING PROVISIONS: The Declaration contains the following "time-sharing" provisions applicable to those buyers purchasing Time Interests in an Apartment:

1. Legal Documents and Use Periods: The Declaration contains the basic provisions as to time-sharing ownership. Each Time Interest Owner will have exclusive occupancy of his Apartment and the use and enjoyment of HANALET BEACH AND RACQUET CLUB APARTMENTS Common Elements during his designated Use Period(s). There will be 52 one-week Use Periods with intervening Service Periods each calendar year as set forth in Exhibit "C" of the Declaration and on Exhibit "A" attached to this Final Public Report. Each Time Interest Owner's Use Period(s) will be designated in both his Sales Contract and his Deed, delivered at closing.
2. Apartments Subject to Time-Sharing: Any or all Apartments in the Project may be sold on a time-sharing basis.
3. Expenses and Insurance: (a) Each Time Interest Owner must pay his share (determined by his proportion of the undivided Ownership Interest in the Apartment) of expenses relating to the Apartment. Charges which may be specially assessed against a Time Interest Owner are set out in the Declaration. The obligation of payment is secured by a lien described in paragraph IV(10) of the Declaration. (b) To the extent not provided for in insurance policies maintained by the Association, the Owners' Agent is authorized to procure insurance covering the Apartment and its contents, public liability insurance, and such other insurance as is deemed necessary or desirable by the Owners' Agent or by a Majority in Interest of the Time Interest Owners of an Apartment. The Declaration contains no restrictions as to amount or amounts of such insurance. The Time Interest Owner must pay for all such expenses in proportion to his undivided Ownership Interest in the Apartment.

4. Maintenance of Apartments: The owner or Owners of an Apartment shall be jointly and severally responsible for the repair, upkeep and maintenance of the Apartment as well as responsible for the use of the Apartment and the conduct of all persons using such Apartment, all in accordance with the provisions of The Act, the Declaration and the Bylaws, and any additions to or amendments thereof.

5. Management: Management of each Time Interest Owner's Apartment will be under the direction of an Owners' Agent which must be a recognized real estate management company. Except for the first Owners' Agent, the Owners' Agent shall be selected and serve on the terms agreed upon by Time Interest Owners holding a majority of the Time Interests in HANAIEI BEACH AND RACQUET CLUB APARTMENTS. The first Owners' Agent designated in the Declaration for a term of one year will be Realty Management Company, an affiliate of the Developer, or such real estate management company as the Developer may designate. However, a Majority in Interest of Time Interest Owners of 100 Apartments may terminate the agency at any time within that period by appointing a successor Owners' Agent, or the first Owners' Agent may resign, upon ninety (90) days' prior written notice. If at any time, there is no Owners' Agent to act, management decisions may be made by a Majority in Interest of Time Interest Owners in each Apartment. Subject to direction by a Majority in Interest of Time Interest Owners, the Owners' Agent is authorized to maintain, repair and refurbish each Apartment and any Common Furnishings, establish reserves for anticipated costs, pay taxes and assessments, including assessments by the Association of Apartment Owners of HANAIEI BEACH AND RACQUET CLUB APARTMENTS ("Association"), adopt and enforce reasonable rules ("Time-Sharing Use Restrictions") relating to use and enjoyment of the Apartment and any Common Furnishings, obtain and maintain insurance, exercise rights in the Association and do other things appropriate to the management and operation of the Apartment. For performing these services, the initial Owners' Agent is entitled to compensation in an amount equal to a percentage of the condominium expenses payable by the Time Interest Owners (excluding therefrom only the Owners' Agent's compensation) or such other amount as may be agreed upon. It is also entitled to reimbursement for its administrative costs, including salaries of personnel employed at the Project.

6. Representation at Association Meetings: The Owners' Agent is authorized to exercise on behalf of the Time Interest Owners the voting rights at meetings and other membership rights of the Apartment and an Apartment Owner in the Association. The Owners' Agent must notify and solicit the Time Interest Owners' voting preferences as provided in the Declaration.
7. Lien: The obligation for payment of time-sharing expenses is secured by a lien against each Time Interest in an Apartment. In the event of default, the Declaration provides a procedure whereby such lien may attach and be foreclosed. The lien is subordinate to that of a purchaser or mortgagee without notice of default in such payment or performance as provided in the Declaration.
8. Partition: Each Time Interest Owner or other person or entity acquiring any right, title or interest in an Apartment waives for a period of sixty years from the date of the Declaration any right to obtain judicial partition of the Apartment although this waiver does not preclude the sale of a Time Interest in lieu of partition where owned by two or more persons, such as a husband and wife.
9. Amendment: The time-sharing provisions in the Declaration may be amended in the manner as is provided in paragraph V(7) of the Declaration, that is, by an affirmative vote of at least seventy-five percent (75%) of the common interests in the Project, evidenced by an instrument signed and acknowledged by any two officers of the Association, which amendment will be effective upon filing in the Office of the Assistant Registrar of the Land Court or recording in the Bureau of Conveyances of the State of Hawaii. It is provided, however, that no such amendment may affect or alter the right of any Time Interest Owner exclusively to occupy his Apartment and to use and enjoy the Common Elements of the Project and the rights and easements appurtenant to the Apartment during the Time Interest Owner's Use Period or Periods, unless such Time Interest Owner shall expressly so consent.
10. Damage or Destruction: In the event of any damage or destruction to an Apartment or the Common Furnishings the Owners' Agent shall cause such damage to be repaired and shall so apply any available insurance proceeds. If the damage is not covered by insurance, or if the available insurance proceeds are insufficient, the Owners' Agent shall assess and the Time Interest Owners of such damaged Apartment shall pay the cost thereof or deficiency

in proportion to their undivided Ownership Interests in the Apartment unless the damage was caused by the intentional or negligent act or omission of any Time Interest Owner, his family, guests, invitees or lessees, in which event the cost of repair or deficiency shall be paid by such Time Interest Owner.

In the event of any damage or destruction to the Project, the Owners' Agent shall attend any meeting of the Association called to determine whether to repair, restore or dissolve the Project, vote at any such meeting on behalf of the Time Interest Owners of each Apartment and otherwise act on behalf of the Time Interest Owners of each Apartment to provide for the repair and restoration of the Project or, in the event the Project is dissolved, to administer the distribution of any and all proceeds of dissolution allocable to each Apartment.

Any proceeds allocable to the Apartment and payable to the Time Interest Owners of that Apartment as the result of (i) dissolution or termination of the Project for any reason, (ii) any excess of insurance proceeds over the cost of repair or restoration, or (iii) any similar cause, not required to repair or restore the Apartment, the Time Interest or Common Furnishings, or any part thereof or paid to compensate any one or more Time Interest Owners for loss or damage to their individual person or property (in which case such distribution shall be with due regard to the loss or damage incurred), shall be distributed to the Time Interest Owners in proportion to their respective undivided Ownership Interests in the Apartment. Any assessment properly levied against any Apartment by the Association of Apartment Owners for the purposes of repair or restoration of the Project shall be assessed against and paid by the Time Interest Owners in proportion to their respective undivided Ownership Interests in the Apartment.

11. Title Insurance: The Developer has arranged for purchasers to obtain title insurance covering each purchaser's Time Interest.
12. Miscellaneous: (a) No action of the Owners' Agent on behalf of the Time Interest Owner shall constitute a defense, offset or counterclaim to payment of assessments or performance of other duties and obligations owed the Association under the Declaration and Bylaws. (b) Each Time Interest

Owner must execute a management contract ("Time Interest Management Contract") with his Owners' Agent, the form of which is on file with, and available for inspection at, the office of the Real Estate Commission, State of Hawaii. The Time Interest Management Contract is for a term of one year and may be terminated by the Owners' Agent or by a Majority of all Time Interest Owners in the Project upon 90 days' prior notice.

(c) Each prospective Time Interest Owner is advised that the Federal Tax Lien Law may authorize the Federal tax authorities to enforce the lien for unpaid Federal taxes due from any one Time Interest Owner of a Time-Sharing Interest by selling the entire Apartment and distributing the sale proceeds to the Owners in accordance with their interests. The Hawaii tax lien law may also permit such a sale. The Declaration under which Time Sharing Interests are established provides special lien rights upon each Owner's interest in favor of each other Owner of an interest in the same Apartment. One or more Owners, or the Owners' Agent, may be required to discharge a delinquent Owner's obligations in order to prevent a sale of the entire Apartment and to seek reimbursement by foreclosure of the special lien on the delinquent Owner's interest or by other means.

(d) Each prospective Time Interest Owner should read Article IV of the Declaration carefully, to be fully apprised of the rights, duties, obligations and privileges of Time-Sharing Ownership.

(e) NOTE: The Declaration contemplates that the Apartments will be furnished and that each Time Interest Owner will have the right to use and enjoy such Common Furnishings (as defined in the Declaration) during his Use Period(s). However, as of the date of this Report, the Developer has not executed a contract for purchase of such Common Furnishings and no sales of furnished Apartments will be made until the Developer has applied for and the Commission has issued a Supplementary Report.

NOTE: Purchasers should review with extreme care the Time-Sharing provisions contained in the Declaration and Bylaws of the Association of Apartment Owners.

OWNERSHIP OF TITLE: The Developer has filed with the Commission a Preliminary Report, dated December 5, 1974, prepared by Security Title Corporation, which certifies that title to the land committed to this regime is vested in the Developer.

ENCUMBRANCES: The Preliminary Title Report prepared by Security Title Corporation states that as of the date of the search (December 5, 1974) title to the land is subject to:

1. Real Property Taxes for the current period.
2. Easement S-1 (10 feet wide) for Sanitary Sewer Purposes over and across Lot 2, as delineated on File Plan No. 1303; as confirmed by instrument dated October 26, 1973, recorded on November 27, 1973, in the Bureau of Conveyances of the State of Hawaii in Book 9615, Page 404.
3. Declaration of Restrictions, Covenants and Conditions dated March 1, 1971, recorded on March 12, 1971 in said Bureau of Conveyances in Book 7444, Page 93, as amended by instrument dated July 6, 1971, recorded on July 12, 1971, in said Bureau of Conveyances in Book 7663, Page 264, and as further amended by instrument dated December 6, 1972, recorded on December 6, 1972, in said Bureau of Conveyances in Book 8786, Page 121.
4. The terms and provisions of that certain instrument entitled "Water and Sanitation Assessment and Lien" dated April 7, 1971, recorded on April 12, 1971 in said Bureau of Conveyances in Book 7486, Page 292. Confirmation thereto recorded in Book 8192, Page 257.

Said "Water and Sanitation Assessment and Lien" is subject to the following:

- (a) Undated Financing Statement recorded on March 16, 1972 in said Bureau of Conveyances in Book 8192, Page 268.
- (b) By instrument dated March 16, 1972, recorded on March 16, 1972 in said Bureau of Conveyances in Book 8192, Page 276, the foregoing "Water and Sanitation Assessment and Lien" was assigned to FIRST HAWAIIAN BANK, a Hawaiian banking corporation (the "Trustee").
- (c) SUPPLEMENT TO WATER AND SANITATION ASSESSMENT AND LIEN dated March 27, 1972, recorded on April 3, 1972 in said Bureau of Conveyances in Book 8222, Page 388.
- (d) By instrument dated November 13, 1972, recorded on November 20, 1972, in said Bureau of Conveyances in Book 8743, Page 1, the foregoing "Water and Sanitation Assessment and Lien" was amended.
- (e) By instrument dated October 9, 1973, recorded on November 7, 1973 in said Bureau of Conveyances in Book 9583, Page 521, the foregoing "Water and Sanitation Assessment and Lien" was further amended.

5. Mortgage dated December 6, 1972, recorded on December 6, 1972 in said Bureau of Conveyances in Book 8786, Page 168, made by GENERAL HAWAIIAN DEVELOPMENT CORPORATION, a Hawaii corporation, as Mortgagor, to EAGLE COUNTY DEVELOPMENT CORPORATION, a Colorado corporation, authorized to do business in the State of Hawaii, as Mortgagee, to secure the repayment of the sum of \$564,800.00, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor therein referred to.
- (a) By instrument dated December 6, 1972, recorded on December 11, 1972, in said Bureau of Conveyances in Book 8795, Page 1, EAGLE COUNTY DEVELOPMENT CORPORATION, a Colorado corporation authorized to do business in the State of Hawaii ("Assignor") and Consolidated Oil & Gas, Inc., a Colorado corporation, assigned the foregoing mortgage to MORTGAGE TRUST OF AMERICA, a California trust, LOMAS & NETTLETON MORTGAGE TRUST, a Massachusetts trust, FIDELCO GROWTH INVESTORS, a Pennsylvania trust, and STATE MUTUAL INVESTORS, a real estate investment trust ("Assignees"), as additional security for the repayment of that certain mortgage dated November 30, 1970, recorded in said Bureau of Conveyances in Book 7375, Page 331.
 - (b) The terms and provisions of that certain Pledge Agreement dated December 6, 1972, recorded on December 11, 1972 in said Bureau of Conveyances in Book 8795, Page 14.
 - (c) By instrument dated October 26, 1973, recorded on November 30, 1973 in said Bureau of Conveyances in Book 9620, Page 1, the foregoing mortgage was amended to provide for partial release provision.
 - (d) By undated instrument recorded on November 30, 1973, in said Bureau of Conveyances in Book 9620, Page 9, the foregoing mortgage was subordinated to the lien of that certain mortgage next hereinafter described.
6. Mortgage, Assignment of Rents and Security Agreement dated November 15, 1973, recorded on November 27, 1973, in said Bureau of Conveyances in Book 9615, Page 347, made by GENERAL HAWAIIAN DEVELOPMENT CORPORATION, a Hawaii corporation, as Mortgagor, to THE BANK OF CALIFORNIA, NATIONAL ASSOCIATION, a national banking association, as Mortgagee, to secure the repayment of the sum of \$11,200,000.00, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor therein referred to.
- (a) By instrument dated November 15, 1973, recorded on November 27, 1973 in said Bureau

of Conveyances in Book 9615, Page 372, GENERAL HAWAIIAN DEVELOPMENT CORPORATION, a Hawaii corporation, assigned all of its right, title and interest in and to any sales agreement or agreements, whether now or hereafter executed, covering a portion of the real property herein described, and any and all modifications and extensions thereof, together with any and all guarantees of the Buyers' obligations under any thereof, to THE BANK OF CALIFORNIA, NATIONAL ASSOCIATION, a national banking association, as additional security for the repayment of the foregoing mortgage.

- (b) By instrument dated November 23, 1973, recorded on January 22, 1974, in said Bureau of Conveyances in Book 9699, Page 257, The Hawaii Corporation, a Hawaii corporation, doing business as Pacific Construction Co., subordinated ". . . any lien or claim of lien which it may presently have or which may arise in the future for labor or material furnished in connection with the improvement of real property described in said mortgage.", to the lien of the foregoing mortgage.
7. Undated Financing Statement recorded on November 27, 1973, in said Bureau of Conveyances in Book 9615, Page 382.
8. Undated Financing Statement recorded on November 27, 1973, in said Bureau of Conveyances in Book 9615, Page 385.
9. Grant of Easement dated November 15, 1973, recorded on November 27, 1973 in said Bureau of Conveyances in Book 9615, Page 392, in favor of PRINCEVILLE CORPORATION, a Colorado corporation authorized to do business in the State of Hawaii, granting forever, a permanent easement to construct, reconstruct and maintain an access road for maintenance and servicing of a sewage pump station owned and operated by the Kauai County Public Improvement Corporation, a Hawaii nonprofit corporation, together with the right of ingress and egress to such sewage pump station over and across the land described therein, referred to as the "easement area".

The Developer has informed the Commission that prior to or simultaneously with the conveyance of an Apartment or any Time Interest therein, it will cause to be released from such Apartment and its appurtenant interest in the Common Elements the lien of the Mortgages and the security interest evidenced by the Financing Statements identified in items 5, 6, 7 and 8. The Developer has also informed the Commission that prior to or simultaneously with the first conveyance of an Apartment or any Time Interest therein, it will cause the lien on the Project identified in item 4 to be fractionalized so that only a pro-rata share of such lien, like a lien for real property taxes, will be against each separate Apartment and not a lien on the Project as a whole.

PURCHASE MONEY HANDLING: Copies of the specimen Sales Contract and the Escrow Agreement have been submitted as part of the registration. The Escrow Agreement dated October 22, 1974, identifies First Escrow Corporation as the Escrowee. Upon examination, the specimen Sales Contract and the executed Escrow Agreement are found to be in compliance with The Act and particularly with Section 514-35 and Sections 514-36 through 514-40 of The Act.

Among other provisions, the executed Escrow Agreement states that a purchaser under contract of sale upon written request shall be entitled to a refund of all monies deposited with Escrow, without interest, less Escrow's cancellation fee of \$12.50, if any one of the following has occurred:

(a) The Seller has requested the Escrowee in writing to return to the Purchaser the funds of the Purchaser then being held hereunder by Escrowee; or

(b) The Seller has notified the Escrowee of Seller's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated therein or otherwise available to the Seller; or

(c) Either the Seller or the Purchaser has notified the Escrowee that the Purchaser's funds were obtained prior to the issuance of a Final Public Report for the Project and either (i) such Final Public Report differs in any material respect from the Preliminary Public Report (as defined in Chap. 514, H.R.S.) for the Project, or (ii) there is any change in the condominium building plans for the Purchaser's Apartment or the Common Elements of the Project subsequent to the execution of the Sales Contract requiring approval of a county officer having jurisdiction over issuance of permits for construction of buildings, unless in either case the Purchaser has given written approval or acceptance of the specific change; or

(d) The Seller has not delivered to the Escrowee a Final Public Report issued within one (1) year of the date of the issuance of such Preliminary Public Report.

The specimen Sales Contract states that time is of the essence and if the Purchaser shall default in payment when required or fails to perform any other obligation required of the Purchaser hereunder, the Sales Contract may, at Seller's option, be terminated and 25% of all sums paid by Purchaser, less Escrow cancellation fee, shall belong to Seller as liquidated damages.

A prospective purchaser should carefully examine the form of Sales Contract and Escrow Agreement to determine the time for and the amount of installment payments on the purchase price and the sharing of the closing costs.

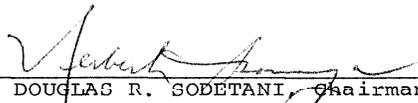
MANAGEMENT AND OPERATION: Article III, Section 3, of the Bylaws states that the Board of Directors shall at all times employ a responsible Managing Agent to manage and control the property, subject at all times to direction by the Board of Directors. The Developer has concluded a contract, dated December 17, 1974, with Realty Management Company, an affiliate of the Developer, pursuant to which Realty Management Company will act as Managing Agent for a period of one year unless sooner terminated by it or by the Association upon 90 days' prior written notice.

STATUS OF PROJECT: The Developer advises that construction of the Project commenced about November, 1973 and will be completed about July, 1975.

The purchaser or prospective purchaser should be cognizant of the fact that this Public Report represents information disclosed by the Developer in the required Notice of Intention submitted December 16, 1974, and information subsequently filed on May 2, 1975.

This FINAL HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 738 filed with the Commission on December 16, 1974.

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. SOBETANI, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:
Department of Taxation
Bureau of Conveyances
Planning Department, County of Kauai
Federal Housing Administration
First Escrow Corporation

Registration No. 738
May 12, 1975