

# 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

KE•AU•HOU KONA SURF & RACQUET CLUB  
Keauhou Kona, Hawaii

REGISTRATION NO. 749

### 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 11, 1975  
Expires: March 11, 1976

#### SPECIAL ATTENTION

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

THE REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED JANUARY 31, 1975, AND INFORMATION SUBSEQUENTLY FILED AS OF FEBRUARY 5, 1975. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY REGIMES LAW, CHAPTER 514, HAWAII REVISED STATUTES.

1. KE•AU•HOU KONA SURF & RACQUET CLUB is a proposed leasehold condominium project consisting of forty-seven (47) residential buildings and one (1) "Community Center", and containing one hundred ninety-nine (199) apartments. Two hundred eighty-six (286) parking spaces are available. Each apartment unit shall have at least one (1) parking space appurtenant to it.

2. The Developer of the project has submitted to the Commission for examination all documents and exhibits deemed necessary for the issuance of this Preliminary Public Report, except for some particular requirement, or requirements, which can be expected to be completed as part of this registration.
3. No advertising and promotional matter has been submitted pursuant to the rules and regulations promulgated by the Commission.
4. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514, Hawaii Revised Statutes, and the Condominium Rules and Regulations which relates to Horizontal Property Regime.
5. The Preliminary Public Report is made a part of the registration on Ke-au-hou Kona Surf & Racquet Club 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 and for securing a signed copy of the receipt for Horizontal Property Regime Public Report from each prospective purchaser. Securing a signed copy of the Receipt for the Final Horizontal Property Regime Public Report from each purchaser and prospective purchaser when it is issued is also the responsibility of the Developer.
6. The Preliminary Public Report automatically expires thirteen (13) months from the date of issuance, February 11, 1975, unless a supplementary report is published or the Commission, upon review of the registration, issues an order extending the effective period of this report.
7. The basic documents (Declaration of Horizontal Property Regime, with By-Laws of Association of Apartment Owners attached, and a copy of the approved floor plans) have not been filed or recorded in the office of the recording officer.

NAME OF PROJECT: KE-AU-HOU KONA SURF & RACQUET CLUB

LOCATION: The project is located on land at Keauhou Kona, Hawaii, and contains 15.503 acres or thereabouts. The description of the land and the reserved easements, rights, powers and privileges are more fully set forth in the Declaration.

TAX KEY: 7-8-13-3, 5, 9 and 10, Third Division

ZONING: RM-3

DEVELOPER: The Notice of Intention reveals the Developer to be KONA FIVE, a registered Hawaii joint venture, 1149 Bethel Street, Room 217, Honolulu, Hawaii, Tel. No. 531-2188. The members of the joint venture are:

MEC Hawaii Corp.  
190 South King Street  
Suite 946  
Honolulu, Hawaii  
Tel. No. 531-5016

International Management Corp.  
1149 Bethel Street  
Room 217  
Honolulu, Hawaii  
Tel. No. 531-2188

Park Investment Inc.  
190 South King Street  
Suite 2085  
Honolulu, Hawaii  
Tel. No. 531-1676

Pacific Holiday Inc.  
1150 South King Street  
Honolulu, Hawaii  
Tel. No. 536-2744

Lehua Investment Corp.  
1149 Bethel Street  
Room 215  
Honolulu, Hawaii  
Tel. No. 531-2188

ATTORNEY REPRESENTING DEVELOPER: Okumura and Takushi (Alfred M. K. Wong), Suite 400, International Savings Building, 1022 Bethel Street, Honolulu, Hawaii 96813, Tel. No. 536-1791.

DESCRIPTION OF PROJECT: The proposed Declaration states that forty-eight (48) buildings are to be constructed on said land, as shown on said Condominium Map and being designated thereon by the numbers B-1 through B-47 and the "Community Center". The buildings will be wooden frame structures on concrete slabs with exterior sidings and shake and gravel roofs, and will contain one hundred ninety-nine (199) apartments. The apartments are more particularly described as follows:

(a) There are hereby established one hundred ninety-nine (199) freehold estates in the spaces within the perimeter walls, floors and ceilings of the 199 apartments in said buildings. The 199 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 each apartment, or any pipe, wires, ducts, conduits, or other utility or service lines running through such apartments which are utilized for or serve more than one apartment, all of which are common elements as provided in said Declaration. 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 door frames; windows and window

frames; the inner decorated or finished surfaces of walls, floors and ceilings, adjoining and connected thereto; and all fixtures originally installed therein.

(b) All apartments will be numbered and located as shown on said Condominium Map.

(c) Each of the 199 apartments will have immediate access to a walkway on the grounds of the Project.

(d) Each of the 199 apartments will be one of eight (8) types, designated Models 10, 10R, 20, 20R, 30, 30R, 40 and 40R, as enumerated in Exhibit "A" attached hereto and made a part hereof.

(e) The number of rooms and approximate area of each model of apartment are enumerated in Exhibit "B" attached hereto and made a part hereof.

COMMON ELEMENTS: The proposed Declaration states that the owners of apartments will have an undivided interest in the common elements, including specifically but not limited to:

- a. Said land in fee simple.
- b. All foundations, columns, girders, beams, supports, main walls, roofs, entrances and exits of said buildings.
- c. All driveways, parking spaces, yards, gardens, and recreational facilities, including the recreational center, swimming pool, two tennis courts and volleyball court.
- d. All central and appurtenant installations for common services, including power, sewer, gas, light, water, telephone and trash disposal.
- e. All tanks, pumps, motors, fans, compressors, ducts, and, in general, all apparatus and installations existing for common use.
- f. The three (3) Heiaus, designated as Heiau Paniau, Heiau Kehau and Inikiwai Fisherman's Heiau.

LIMITED COMMON ELEMENTS: There are two hundred eighty-six (286) parking spaces in the project. Each of the one hundred ninety-nine (199) apartments shall have one (1) parking space appurtenant to such apartment, which space is identified by the number identical to the apartment number, and shall be designated upon initial conveyance by lease. In addition, fifty-four (54) parking spaces, designated as Nos. 200 through 215 inclusive and 239 through 276 inclusive, shall be appurtenant to an apartment or apartments and shall be designated upon initial conveyance by lease. The remaining thirty-three parking spaces, designated as Nos. 216 through 238 inclusive and 277 through 286 inclusive, will not be assigned and shall remain as part of the common elements to be used as parking spaces in such manner and for such purposes

as the Board of Directors of the Association of Apartment Owners may determine. Nine (9) of the 286 parking spaces, being parking spaces Nos. 201, 222, 223, 224, 241, 242, 243, 244 and 276, are compact stalls. Any automobile parking space easement may be transferred from apartment to apartment in the project so long as each apartment shall have at least one (1) parking space appurtenant to it. Any transfer of a parking space shall be effective only upon the recording of an instrument in the Bureau of Conveyances of the State of Hawaii setting forth such transfer, all as more fully set forth in paragraph 9a of said Declaration.

COMMON INTEREST: Each one-bedroom apartment (Models 10, 10R, 20 and 20R) shall have appurtenant thereto an undivided .370 percentage interest, each two-bedroom apartment (Models 30 and 30R) shall have appurtenant thereto an undivided .540 percentage interest, and each three-bedroom apartment (Models 40 and 40R) shall have appurtenant thereto an undivided .678 percentage interest in all common elements of the project, such interest being defined and referred to as the "common interest", and the same proportionate share in all common profits and expenses of the project and for all other purposes, including voting.

PURPOSES AND RESTRICTIONS: The purposes for which said buildings and other improvements and each of the apartments are intended and shall be restricted as to use are as follows:

a. The common interest and easements appurtenant to each apartment shall have a permanent character, shall not be altered without the consent of all owners of apartments affected thereby as expressed in an amendment to this Declaration duly recorded, shall not be separated from such apartment and shall be deemed to be conveyed or encumbered with such apartment even though not expressly mentioned or described in the conveyance or other instrument; excepting, however, the exclusive easements for the use of parking stalls. As long as at all times (or, in the case of an exchange of parking stalls between apartments, immediately subsequent to such an exchange) there shall be at least one (1) parking stall appurtenant to each apartment, any such exclusive easement for the use of a parking stall may be conveyed to another apartment owner by a written instrument expressly identifying the apartment to which the parking stall is appurtenant as well as the apartment to which the parking stall will become appurtenant, which written instrument shall be denominated as an amendment of this Declaration and of the leases of each apartment affected. The Lessor's joinder in such amendment will be necessary, but such joinder will not unreasonably be withheld, although a reasonable service charge may be made therefor. To the extent that the joinder of apartment owners in addition to those directly affected may be required in order to validate the amendment of declaration for the limited purpose of transferring such easements, such joinder shall be accomplished by power of attorney from each of the owners not affected to the affected owners, the acceptance of ownership of an apartment subject to this Declaration being a grant of such power and the grant, being

coupled with an interest, being irrevocable. The transfer, amendment of declaration and amendment of leases shall be effective upon recording of the same in the Bureau of Conveyances of the State of Hawaii. A copy of said conveyances and amendment of declaration and lease shall be given to both the Lessor and the Association by the affected owners within fifteen (15) days of the filing thereof.

b. The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof except as provided by said Horizontal Property Act.

c. The apartments shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests, and for no other purpose. The owners of the respective apartments shall have the absolute right to lease such apartments subject to all provisions of this Declaration or the By-Laws of the Association of Apartment Owners.

d. Administration of the project shall be vested in its Association of Apartment Owners, herein called the "Association", consisting of all apartment owners of the project in accordance with the By-Laws of the Association. The owner of each apartment upon acquiring title thereto automatically shall become a member of the Association and shall remain a member thereof until such time as his ownership of such apartment ceases for any reason, at which time his membership in the Association automatically shall cease; provided, however, that if and to the extent a lease of any apartment filed with the Board of Directors of the Association so provides, the lessee of such apartment shall be deemed to be the owner thereof.

OWNERSHIP OF TITLE: The Developer reports that title to the land is vested in Kamehameha Development Corporation, a Hawaii corporation. The Preliminary Report dated January 8, 1975, issued by Title Guaranty of Hawaii, Incorporated confirms such ownership.

ENCUMBRANCES AGAINST TITLE: The Preliminary Report dated January 8, 1975, issued by Title Guaranty of Hawaii, Incorporated, reports that title to the land is subject to the following:

1. For real property taxes that may be due and owing, reference is hereby made to the Office of the Tax Assessor, Third Division.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Location of the seaward boundary in accordance with the law of the State of Hawaii.
4. The following reservations, conditions and covenant contained in Deed dated October 2, 1969, recorded in Liber 6755 at Page 49, to wit:

"Reserving to the State of Hawaii, its successors and assigns, the following:

1. All minerals as hereinafter defined, in, on or under the premises and the right, in its own behalf or through persons authorized by it, to enter, sever, prospect for, mine and remove such minerals by deep mining, strip mining, drilling and any other means whatsoever, and to occupy and use so much of the surface of the ground as may be required therefor. "Minerals", as used herein, shall mean any or all oil, gas, coal, phosphate, sodium, sulfur, iron, titanium, gold, silver, bauxite, bauxitic clay, diaspore, boehmite, laterite, gibbsite, alumina, all ores of aluminum and, without limitation thereon, all other mineral substances and ore deposits, whether solid, gaseous or liquid, in, on or under the premises; provided, that "minerals" shall not include sand, gravel, rock or other material suitable for use and when used in road construction.

2. All surface and ground waters appurtenant to said premises and the right on its own behalf or through persons authorized by it, to capture, divert or impound the same and to occupy and use so much of said premises as may be required in the exercise of this reserved right.

Provided, however, that as a condition precedent to the exercise of the rights reserved in paragraph 1 and 2, just compensation shall be paid to the Grantees for any of Grantees' improvements taken.

The Grantees, for themselves, their successors and assigns, covenant that the use and enjoyment of the land herein conveyed shall not be in support of any policy which discriminates against anyone based upon race, creed, color or national origin.

It is further understood and agreed:

1. That the Grantees shall use or allow said premises to be used, whether in combination, consolidation or otherwise with other lands, only in accordance with the appropriate zoning and subdivision ordinances of the County of Hawaii."

5. "All of Grantors' obligations to and all rights, privileges and obligations of Troy V. Post under that certain agreement dated March 28, 1974, by and between the Grantors, Grantee, Troy V. Post and Kona-Post Corporation.", as set forth in Deed dated July 1, 1974, recorded in Liber 10004 at Page 501.

PURCHASE MONEY HANDLING: A copy of the Sales Contract and the executed Escrow Agreement dated January 16, 1975, have been submitted as part of the registration. The Escrow Agreement identifies Title Guaranty Escrow Services, Inc. as the Escrow. Upon examination, the Sales Contract and the executed Escrow Agreement are found to be in compliance with Chapter 514-35 through 514-40 Hawaii Revised Statutes.

It is incumbent upon the purchaser and prospective purchaser that he reads with care the Specimen Sales Contract and the executed Escrow Agreement. The latter agreement establishes how the proceeds from the sale of apartments and all sums received from any source are placed in escrow, as well as the methods of disbursement of said funds.

The Specimen Sales Contract also provides in part: 1) that if the apartment and the clubhouse and pool are not completed and ready for occupancy within two (2) years from the date of the Sales Contract, said contract shall terminate, and all payments made by Buyer shall be refunded without deduction or interest; provided, however, that the deadline provided for completion of said building and other improvements as stated above, shall be extended for any period of time during which Seller actually and necessarily is delayed in completing construction if such delay is caused by fire, earthquake, act of God, the elements, war or civil strife, economic disturbances making it economically impossible to obtain necessary labor or materials, or other circumstances beyond the control of Seller. Upon tender of such refund to Buyer, Seller and Buyer shall be released from all obligations to each other under the Sales Contract; 2) until such time that 85% of the apartments in the project are sold, Developer shall not be liable for maintenance assessments for apartments not yet completed, provided, however, that Developer shall pay for the proportionate share of lease payments and the real property taxes attributable to the uncompleted units; 3) the Apartment Lease requires that Purchasers join the Keauhou-Kona Resort Association at a fee of \$1.50 per month and that Purchasers, through the Association, will maintain and repair the archaeological features and the three heiaus located in the project as provided in the Declaration in a manner which will preserve the historical significance of the archaeological features and the three heiaus; 4) the land on which the project is located is subject to Ordinance No. 595 of the County of Hawaii, State of Hawaii, which requires, among other things, that development occur in four increments of 50 apartments each. Zoning for subsequent increments shall become effective only after substantial development has occurred in the previous increment. In the event that the County of Hawaii refuses further zoning at any time prior to the completion of all 199 apartments, the Developer reserves the right to amend all condominium documents to reconstitute the condominium project over the number of apartments permitted to be built and completed. The land covered by the project shall be subdivided and the undeveloped lands shall be removed from the Horizontal Property Regime, provided, however, that the Developer shall have the right to reserve easements for road and utility purposes over the common elements of the project in favor of the remaining parcel or parcels excluded from the Horizontal Property Regime; 5) in the event that 85% of the apartments of the project are not sold by March 1, 1975, the Seller reserves the right to amend the sales contracts and the Declaration by separating the 199 apartments into two to four increments of 49 or more apartments each with provisions for merger of each increment with the previous increment or increments to constitute one condominium project at the discretion of Seller. The Seller may at any time up to six years, elect not to include the remaining increments in the project. Upon such election, the increments excluded shall have easements rights over the common elements of the project for

vehicular and pedestrian ingress and egress and utility purposes. The amended Declaration shall provide for the method of merger, the common interest of each apartment before and after each merger, and the conditions precedent to each merger. In the event that the Seller elects to divide the project into increments, the Buyer shall have the option to terminate his contract within twenty (20) days after written notice by the Seller that the Seller intends to divide the project into increments and the Seller has given the Buyer a copy of the amended Declaration providing for incremental development and method of merger of increments along with the Supplementary or Final Public Report issued by the Real Estate Commission. Buyer's right to cancel must be exercised by written notice to Seller within twenty (20) days of receipt of the above documents.

MANAGEMENT AND OPERATIONS: The Declaration discloses that the administration of the project shall be vested in the Association of Apartment Owners. Operation of the project shall be conducted for the Association by a responsible corporate Managing Agent who shall be appointed by the Association in accordance with the By-Laws except that the initial Managing Agent shall be appointed by the Developer. International Management Corporation, whose principal place of business and post office address is 1149 Bethel Street, Room 217, Honolulu, Hawaii, has been named as the initial Managing Agent.

MANAGER'S UNIT: There will be no manager's unit as part of the common elements, but Developer will make available to the Association of Apartment Owners an apartment on a rental basis for use by the Managing Agent for a period of two years at fair rental value. The Association may purchase such apartment from Developer at fair market value within said two-year period.

HOUSE RULES: The proposed House Rules provides in part that the occupancy of any apartment shall be limited to: 1-bedroom unit, 4 persons; 2-bedroom unit, 6 persons; 3-bedroom unit, 8 persons.

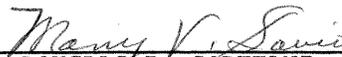
FINANCING OF PROJECT: The Developer has advised the commission that the interim and permanent financing for the project is still being negotiated. Present construction work is being paid from Developer's equity monies.

STATUS OF PROJECT: The Developer has commenced construction of the project. Construction of the first 50 units will be completed on or about July 1, 1975.

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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 January 31, 1975.

The PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 749 filed with the Commission on January 31, 1975.

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 in color.

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

Distribution:

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

Registration No. 749

February 11, 1975

<u>Building No.</u>	<u>Apartment No.</u>	<u>Model</u>
B-1	1	30
	2	30
	3	30
	4	30
	5	30
B-2	6	30R
	7	30R
	8	30R
	9	30R
	10	30R
B-3	11	20
	12	10
	13	10
	14	10
	15	10
B-4	16	10
	17	10
B-5	18	10
	19	10
	20	10
	21	10
	22	10
	23	20
B-6	24	40
	25	40
	26	40
	27	40
B-7	28	10
	29	10
	30	20
B-8	31	30R
	32	30R
	33	30R
	34	30R
B-9	35	40
	36	40
B-10	37	40
	38	40
	39	40
	40	40
B-11	41	10
	42	10

<u>Building No.</u>	<u>Apartment No.</u>	<u>Model</u>
B-12	43	10
	44	10
	45	10
	46	10
	47	20
B-13	48	30R
	49	30R
	50	30R
	51	30R
	52	30R
B-14	53	10R
	54	10R
B-15	55	30R
	56	30R
	57	30R
	58	30R
	59	30R
B-16	60	30
	61	30
	62	30
	63	30
B-17	64	10
	65	10
	66	10
	67	20
B-18	68	30
	69	30
	70	30
	71	30
B-19	72	10R
	73	10R
	74	10R
	75	10R
	76	10R
	77	10R
B-20	78	30R
	79	30R
	80	30R
	81	30R
B-21	82	10R
	83	10R
B-22	84	30R
	85	30R
	86	30R
	87	30R
	88	30R
	89	30R

<u>Building No.</u>	<u>Apartment No.</u>	<u>Model</u>
B-23	90	30R
	91	30R
	92	30R
	93	30R
	94	30R
B-24	95	20R
	96	10R
	97	10R
	98	10R
	99	10R
B-25	100	30R
	101	30R
	102	30R
	103	30R
	104	30R
	105	30R
B-26	106	30R
	107	30R
	108	30R
	109	30R
	110	30R
	111	30R
B-27	112	10
	113	10
	114	10
	115	10
	116	20
	B-28	117
118		30
119		30
120		30
121		30
B-29		122
	123	10R
	124	10R
	125	10R
	126	20R
	B-30	127
128		30R
129		30R
130		30R
131		30R
B-31		132
	133	30R
	134	30R
	135	30R
	136	30R
	137	30R

<u>Building No.</u>	<u>Apartment No.</u>	<u>Model</u>
B-32	138	30R
	139	30R
	140	30R
	141	30R
	142	30R
B-33	143	30R
	144	30R
	145	30R
	146	30R
B-34	147	30R
	148	30R
	149	30R
	150	30R
B-35	151	30R
	152	30R
	153	30R
	154	30R
B-36	155	30R
	156	30R
B-37	157	30R
	158	30R
	159	30R
	160	30R
B-38	161	30
	162	30
	163	30
	164	30
B-39	165	30
	166	30
B-40	167	30R
	168	30R
	169	30R
	170	30R
	171	30R
B-41	172	30R
	173	30R
	174	30R
	175	30R
B-42	176	30R
	177	30R
	178	30R
	179	30R

<u>Building No.</u>	<u>Apartment No.</u>	<u>Model</u>
B-43	180	30
	181	30
	182	30
	183	30
B-44	184	30R
	185	30R
	186	30R
	187	30R
B-45	188	30R
	189	30R
B-46	190	30
	191	30
	192	30
	193	30
	194	30
	195	30
B-47	196	30R
	197	30R
	198	30R
	199	30R

<u>MODEL</u>	<u>NO. OF ROOMS</u>	<u>APT. AREA</u>	<u>LANAI AREA</u>	<u>TOTAL AREA</u>
10 10R*	4, living/dining room, kitchen, one bedroom, one bath	597.2 sq.ft.	52.8 sq.ft.	650 sq.ft.
20 20R*	4, living/dining room, kitchen, one bedroom, one bath	597.2 sq.ft.	52.8 sq.ft.	650 sq.ft.
30 30R*	6, living/dining room, kitchen, one bath on first floor, and two bedrooms and one bath on second floor	920.6 sq.ft.	59.4 sq.ft.	980 sq.ft.
40 40R*	7, living/dining room, kitchen, one bedroom, one bath on first floor, and two bedrooms and one bath on second floor	1,170.6 sq.ft.	59.4 sq.ft.	1,230 sq.ft.

\*NOTE: Models 10R, 20R, 30R and 40R are mirror images of Models 10, 20, 30 and 40, respectively.