

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
WEST MOLOKAI RESORT CONDOMINIUM

KEPUHI BEACH
ISLAND OF MOLOKAI

REGISTRATION NO. 807

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: October 31, 1975
Expires: November 30, 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:

ATTENTION: The condominium being sold is a security because of the rental program in which apartment owners are required to participate. The apartment owners are advised that the apartment units are being sold as an investment and the apartment owners will have no rights to use their apartments. Refer to the attached Prospectus for information about the rental program.

THE REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED SEPTEMBER 5, 1975 AND INFORMATION SUBSEQUENTLY FILED ON OCTOBER 21, 1975. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY REGIMES LAW, HAWAII REVISED STATUTES, CHAPTER 514, AS AMENDED.

1. WEST MOLOKAI RESORT CONDOMINIUM is a fee simple condominium project containing 148 apartments located in 21 one and two story buildings. There will be a total of 185 open parking stalls.

2. The Developer of the project has submitted to the Commission for examination all documents deemed necessary for the registration of a condominium project and the issuance of this Preliminary Public Report.
3. The Developer reports that the Declaration of Horizontal Property Regime, the Bylaws and the Condominium Map will be filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii immediately prior to the application for a Final Public Report.
4. Advertising and promotional matters have been submitted to the Commission pursuant to its rules and regulations.
5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of the Hawaii Revised Statutes, Chapter 514, as amended, and the Rules and Regulations of the Hawaii Real Estate Commission which relate to Horizontal Property Regimes.
6. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, October 31, 1975, unless a Final Public Report or a Supplementary Public Report issues, or the Commission, upon review of registration, issues an order extending the effective date of this report.
7. This Preliminary Public Report is made a part of the registration of West Molokai Resort Condominium project. The Developer has the responsibility of placing a true copy of this Preliminary Public Report (yellow paper stock) in the hands of all purchasers and prospective purchasers, and securing a signed copy of the receipt for the Preliminary Public Report from each purchaser.
8. Each purchaser of an apartment must become a participant in the hotel operation (the "Rental Program").

NOTE: THE DEVELOPER HAS ADVISED THE COMMISSION THAT NO PERSON WILL BE PERMITTED TO PURCHASE AN APARTMENT IN THE CONDOMINIUM AND PARTICIPATE IN THE RENTAL PROGRAM UNLESS HE IS A BONA FIDE RESIDENT OF THE STATE OF HAWAII. NO PURCHASE OF AN APARTMENT BY A NON-RESIDENT IS VALID. NO APARTMENT OR INTEREST IN THE RENTAL PROGRAM MAY BE TRANSFERRED TO A PERSON NOT A BONA FIDE RESIDENT OF HAWAII UNTIL AT LEAST NINE MONTHS HAVE ELAPSED FROM THE DATE OF CLOSING (BY RECORDATION OF THE APARTMENT DEED) OF THE LAST APARTMENT IN THE PROJECT.

NAME OF PROJECT: WEST MOLOKAI RESORT CONDOMINIUM

LOCATION: The project will be situated on a parcel containing 11.705 acres located on Kepuhi Beach, West Molokai.

TAX KEY: 5-1-002-014 (portion)

ZONING: H-1

DEVELOPER: The Developer, Kepuhi Partnership, is a registered Hawaii joint venture composed of (1) West Molokai Venture, a Hawaii partnership composed of Kaluakoi Corporation, a Hawaii corporation, and Shurl Curci, an individual; (2) Real Property Fund of Hawaii, Series II, a registered Hawaii limited partnership, and (3) Real Property Fund of Hawaii, Series III, a registered Hawaii limited partnership. Kepuhi Partnership has its principal place of business and its post office address at Suite 901, 745 Fort Street, Honolulu, Hawaii 96813. West Molokai Venture is the managing partner.

ATTORNEY REPRESENTING DEVELOPER: Cades Schutte Fleming & Wright (Attention: Douglas E. Prior or Michael P. Porter), 17th Floor, First Hawaiian Bank Building, P. O. Box 939, Honolulu, Hawaii 96808; telephone: 531-7232.

DESCRIPTION OF PROJECT AND APARTMENTS: The project will consist of 148 condominium units contained in 21 separate buildings. The 148 condominium living units consist of:

(a) Six Type "A" buildings, two stories, with two studio and two one-bedroom units on each floor, eight units per building. Total: 24 Type "A" studios and 24 Type "A" one-bedroom units.

(b) Seven Type "B" buildings, two stories, with six studio units on each floor, 12 units per building. Total: 84 Type "B" studio units.

(c) Eight Type "C" buildings, one story, with two one-bedroom units per building. Total: 16 Type "C" one-bedroom units.

There will be one maid's closet in each building.

Each unit type is described as follows:

(a) Each Type "A" studio unit contains a living/sleeping area, a bathroom, dressing area and lanai. Total enclosed space is 378 square feet. Ground floor lanai is 148 square feet and second floor lanai is 114 square feet.

(b) Each Type "A" one-bedroom unit contains a living area, bedroom, bathroom, dressing area and lanai. Total enclosed space is 565 square feet. Ground floor lanai is 158 square feet and second floor lanai is 95 square feet.

(c) Each Type "B" studio unit contains a living/sleeping area, bathroom, dressing area and lanai. Total enclosed space is 348 square feet; lanai is 94 square feet.

(d) Each Type "C" one-bedroom unit contains a living/dining area, kitchen facilities, bedroom, bathroom, dressing area and lanai. Total enclosed space is 642 square feet, lanai is 365 square feet.

Any owner of a Type "A" studio or one-bedroom unit or a Type "B" studio unit shall have the right without the consent of the Association of Apartment Owners, the Board of Directors or any apartment owner at any time after the expiration of the first ten full fiscal years of the operation of the project as a hotel under the terms and conditions of the Hotel Management Contract, or the sooner termination of said Hotel Management Contract, to install kitchen facilities within his unit so long as such installation is permitted by all applicable laws. All costs of any such installation shall be at the expense of the owner installing such kitchen facilities and shall be done so as not to change the exterior appearance of the unit.

LIMITS OF APARTMENTS: 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 as hereinafter provided. Each apartment shall include any adjacent lanai shown on the Condominium Map and serving only such apartment. 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.

COMMON ELEMENTS: The common elements will include all portions of the land and improvements other than the apartments, including the apartment buildings, the Land and all common 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) The Land in fee simple;
- (b) All foundations, floor slabs, structural members and framing, roofing, decking, lanai railings;
- (c) Stairs and access balconies;
- (d) All yards, landscaping, irrigation system and landscape lighting;
- (e) Maid's closets;
- (f) Walkways and 185 parking areas;
- (g) All mechanical and electrical elements serving more than one unit, including water, electricity, telephone, gas, fire alarm system;
- (h) All recreational areas and structures on the Land;
- (i) All other devices or installations upon the Land existing for or rationally of common use to all the owners of apartments within the project;
- (j) The term "common elements" shall include the limited common elements described below.

LIMITED COMMON ELEMENTS: The limited common elements and apartments to which their use is reserved are:

(a) The common elements of each apartment building which serve only such building, including without limitation the Land under such building, shall be limited common elements for the exclusive use of the apartments in such building.

(b) Exterior staircases, landings and entranceways shall be limited common elements for the exclusive use of the apartments they serve.

PERCENTAGE OF UNDIVIDED OWNERSHIP TO BE CONVEYED: The percentage of undivided interest in all of the common elements appertaining to each apartment by type is as follows:

<u>Apartment Type</u>	<u>Common Interest Percentage</u>	<u>Number of Apartments</u>	<u>Total Percentage</u>
A- Studio	0.6%	24	14.4%
A- One Bedroom	0.8%	24	19.2%
B- Studio	0.6%	84	50.4%
C- One Bedroom	1.0%	16	16.0%
(Total)		148	100.0%

PURPOSE OF BUILDINGS AND RESTRICTIONS AS TO USE: The apartments shall at all times be used as permanent or temporary residences, or as hotel rooms, and for no other purposes.

OWNERSHIP OF TITLE: The Developer has filed with the Commission a Preliminary Report, dated August 27, 1975, prepared by Title Guaranty of Hawaii, Inc., which certifies that title to the Land committed to this regime is vested in Kaluakoi Corporation, one of the members of the Developer.

ENCUMBRANCES: The Preliminary Title Report prepared by Title Guaranty of Hawaii, Inc. states that as of the date of the search title to the land is subject to:

a. Real property taxes that may be due and owing. Tax Key: 5-1-002-014

b. Statement of adverse claim filed as Land Court Document No. 654679; re: HC&D, Ltd. pursuant to Section 501-186, Hawaii Revised Statutes, states its rights to an interest in the within premises, in the nature of a license to take sand.

PURCHASE MONEY HANDLING: A copy of the specimen Reservation, Purchase and Subscription Agreement and the Escrow Agreement has been submitted as part of the registration. The Escrow Agreement dated August 27, 1975, identifies Bank of Hawaii as the escrow agent. Upon examination, the specimen Reservation, Purchase and Subscription Agreement and the executed Escrow Agreement are found to be in compliance with Chapter 514, Hawaii Revised Statutes, and particularly with Sections 514-15, 514-35 and Section 514-36 through 514-40, Hawaii Revised Statutes. A prospective purchaser should carefully examine the form of Reservation, Purchase and Subscription Agreement and Escrow Agreement to determine the time for and the amount of installment payments on the purchase price, the estimated common monthly expenses and the sharing of the closing costs.

The specimen Reservation, Purchase and Subscription Agreement provides in part:

1. That a person must have his principal residence within the State of Hawaii to purchase an apartment in the proposed project and participate in the Limited Partnership.
2. That the purchaser should be aware that the Seller's mortgage loan (interim, renewals and extensions) used for the construction of the project shall be and remain at all times a superior lien on the project, and the purchaser intentionally waives and subordinates the priority of any lien under the Reservation, Purchase and Subscription Agreement in favor of the mortgage loan.

It is incumbent on the purchaser to read and understand the Escrow Agreement before signing the Reservation, Purchase and Subscription Agreement, as the Escrow Agreement prescribes the procedure for receiving and disbursing purchaser's funds prior to and after completion of construction of the project.

HOTEL OPERATION: The specimen Reservation, Purchase and Subscription Agreement provides that purchasers must join and contribute the use of their apartments to a limited partnership called West Molokai Resort Condominium Associates.

The intent of the proposed Limited Partnership of West Molokai Resort Condominium Associates is to rent all apartment units in the project according to the terms of the Hotel Management Contract dated March 5, 1975 with Sheraton Hawaii Management Corporation. Kepuhi Partnership will be the General Partner and shall manage and conduct the Limited Partnership's business, such as, binding the Limited Partnership, and assume all rights, power and authority of the Association of Apartment Owners and the Board of Directors of the Association of Apartment Owners.

It is incumbent upon purchasers to understand the purpose of the proposed Limited Partnership Agreement and the Hotel Management Contract since they will be a part of the Reservation, Purchase and Subscription Agreement.

MANAGEMENT AND OPERATION: For the first ten years of Hotel operations the Association of Apartment Owners (the "Association") and the Board of Directors will have no meetings and perform no functions. All functions and powers are given to West Molokai Resort Condominium Associates (the "Limited Partnership" described in the Prospectus, of which Kepuhi Partnership is the general partner). Kepuhi has signed a Hotel Management Contract with Sheraton Hawaii Management Corporation and Sheraton will perform all functions of the Association and the Board of Directors except the levying of and accounting for normal condominium maintenance assessments, if such assessments are required. (See "Risk Factors - No Certainty of Profits" and "Apartment Rental - Sharing of Profits and Losses" in the Prospectus.) The Association will have meetings and perform its functions itself as soon as one apartment owner withdraws from the Hotel. The functions of the Board of Directors will continue to be performed by the Limited Partnership for the duration of the Hotel Management Contract.

STATUS OF PROJECT: The Developer estimates that construction of the project will commence by December 1, 1975.

RENTAL AS A HOTEL: The apartments must be rented as part of the Sheraton Molokai Hotel for the first 10 years. See the Prospectus describing the rental operation delivered with this Report.

PURCHASER'S FINANCING: The specimen Reservation, Purchase and Subscription Agreement provides that if the purchasers who have agreed to obtain mortgage loans have not secured commitments therefor satisfactory to Developer, Developer may cancel the Reservation, Purchase and Subscription Agreement and refund all monies paid by the purchasers without interest subject to an escrow cancellation fee.

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 September 5, 1975, and information subsequently filed on October 21, 1975.

THIS PRELIMINARY HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 807 filed with the Commission on September 5, 1975.

The 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 E. SODETANI, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Department of Taxation
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Planning Department,
County of Maui
Federal Housing Administration
Escrow Agent

Registration No. 807
Date: October 31, 1975.