

# 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  
WAILEA ELUA I (Phase 1A)  
Wailea, Island of Maui

REGISTRATION NO. 814

#### **IMPORTANT — Read This Report Before Buying**

#### **This Report Is Not an Approval or Disapproval of This Condominium Project**

It reflects information obtained by the Real Estate Commission in its investigation of the project. This report, based on a principle of disclosure, is issued by the Commission for the purpose of preventing fraud, misrepresentation or deceit.

The developer shall not enter into a binding contract or agreement for the sale of any unit in a Condominium Project until

- (1) A copy of this Report has been given to the prospective purchaser,
- (2) The latter has been given an opportunity to read same, and,
- (3) His receipt taken therefor.

Issued: July 8, 1977  
Expires: August 8, 1978

#### SPECIAL ATTENTION

A comprehensive reading of this report by a prospective purchaser is urged in order that the 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 OCTOBER 10, 1975, AND INFORMATION SUBSEQUENTLY FILED AS OF JULY 6, 1977. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL AND SUBMITTING ADDITIONAL INFORMATION, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514, HAWAII REVISED STATUTES, AS AMENDED.

1. DUE TO EXTENSIVE CHANGES SINCE THE ISSUANCE OF THE COMMISSION'S PRELIMINARY PUBLIC REPORT DATED NOVEMBER 3, 1975, THIS REPORT, WHICH REFLECTS UNCHANGED, REVISED AND NEW MATERIAL, IS REPRODUCED IN ITS ENTIRETY FOR THE CONVENIENCE OF PROSPECTIVE

PURCHASERS. HOWEVER, THIS REPORT IS NOT INTENDED TO SUPERSEDE ANY PRIOR REPORT(S) BUT SHALL BE DEEMED AN AMENDMENT THERETO. THE DEVELOPER IS REQUIRED, UPON WRITTEN REQUEST OF A PROSPECTIVE PURCHASER, TO DELIVER ALL PRIOR REPORT(S) ISSUED BY THE COMMISSION ON THIS PROJECT. SECURING A SIGNED COPY OF THE RECEIPT FOR ALL REPORTS IS ALSO THE RESPONSIBILITY OF THE DEVELOPER.

2. WAILEA ELUA I is a fee simple condominium project consisting of (a) eighty-six (86) residential apartments contained in thirteen (13) buildings, and (b) a Beach Pavilion apartment. As fully set forth in the Declaration, the project is subject to development in two phases. Phase IA will include 54 residential apartments and the Beach Pavilion apartment. The Developer retains the right to alter or amend the Declaration and the Condominium Map with respect to the construction of Phase IB; however, it is anticipated that Phase IB will include 32 residential apartments. The Developer originally planned to develop the project by creating a separate condominium project for each phase. The phase originally planned to be built on the mauka portion of the project property was to consist of 6 buildings containing 34 apartments. The Developer revised its plan for the mauka portion of the project (Phase IB) by eliminating building 6 and rearranging and redesigning buildings 1 through 5 and related parking and driveway areas.

IMPORTANT: This report covers only Phase IA of the Wailea Elua I project. Phase IA will consist of the eight buildings numbered 7 through 14 (containing 54 residential apartments), the Beach Pavilion, driveways and parking areas containing 68 parking stalls (including 16 stalls located within buildings 7 and 8), one swimming pool, one paddle tennis court, and a barbecue area containing three barbecue grills. The Developer anticipates that Phase IB will consist of the five buildings numbered 1 through 5 (containing 32 residential apartments) and driveways and parking areas containing 49 parking stalls. There will be no building 6 and no manager's residence. THE DEVELOPER RETAINS THE RIGHT TO ALTER OR AMEND THE DECLARATION AND THE CONDOMINIUM MAP WITH REGARD TO PHASE IB, AND THUS IS NOT BOUND BY THE DESCRIPTION CONTAINED HEREIN. PURCHASERS SHOULD REFER TO PARAGRAPH 13 OF THE DECLARATION TO DETERMINE THE EXTENT OF THE RIGHTS RETAINED BY THE DEVELOPER.

3. The Developer of the project has submitted to the Commission for examination all documents deemed necessary for the registration of the condominium project and the issuance of this Final Public Report. Most of the constituent condominium documents have been changed since the issuance of the Preliminary Public Report. The changed docu-

ments are on file and available for public inspection at the office of the Commission.

4. The Developer advises that the Declaration of Horizontal Property Regime and attached Bylaws are filed in the Office of the Assistant Registrar of the Land Court as Document No. 820118. The Condominium Map has been filed with the Assistant Registrar as Map No. 307.
5. Advertising and promotional material have been, and further advertising and promotional material will from time to time be, submitted to the Commission pursuant to its rules and regulations. The purchaser should note that some sales brochures previously released incorrectly indicate the numbering of buildings 7 and 8. Buildings 7 and 8 are numbered as shown on the Condominium Map. When viewing buildings 7 and 8 from the beach, building 7 is on the left and building 8 is on the right.
6. The purchaser is advised to acquaint himself with the provisions of Chapter 514, Hawaii Revised Statutes, as amended, and the rules and regulations of the Hawaii Real Estate Commission relating to Horizontal Property Regimes.
7. This Final Public Report automatically expires thirteen (13) months after the date of issuance, July 8, 1977, unless a Supplementary Public Report issues or the Commission upon review of the registration issues an order extending the effective period of this report.

NAME OF PROJECT: WAILEA ELUA I (Phase IA)

LOCATION: The project is located at Wailea, Island and County of Maui, State of Hawaii, and consists of approximately 12.537 acres of land.

TAX MAP KEYS: 2-1-8-68 & 69 (Second Taxation Division - County of Maui).

ZONING: H-1 (Hotel) and O (Open Space). The Developer has received approval to develop the project as a planned development.

DEVELOPER: WAILEA DEVELOPMENT COMPANY, a registered Hawaii partnership between Wailea Land Corporation, a Hawaii corporation, whose address is 822 Bishop Street, Honolulu, Hawaii 96813, and The Northwestern Mutual Life Insurance Company, a Wisconsin corporation authorized to do business in the State of Hawaii, whose address is 720 East Wisconsin Avenue, Milwaukee, Wisconsin 53202. The principal place of business of the Developer is 822 Bishop Street, Honolulu, Hawaii 96813. Wailea Land Corporation is the managing partner and duly authorized agent of the Developer.

ATTORNEY REPRESENTING DEVELOPER: CADES SCHUTTE FLEMING & WRIGHT (Attention: Douglas E. Prior or Philip J. Leas), P. O. Box 939, Honolulu, Hawaii 96808, telephone 531-7232.

DESCRIPTION: Phase IA of the project consists of (a) fifty-four (54) residential apartments contained in six (6) two-story buildings without basements, numbered 9 through 14, and two (2) two-story buildings with partial basements, numbered 7 and 8, and (b) a one-story Beach Pavilion apartment. The buildings will be principally of wood frame construction with stucco exteriors, shake roofs and concrete slab floors with wood frame underfloors. Phase IA also contains driveways and parking areas containing 68 parking stalls (including 16 stalls located within buildings 7 and 8), one swimming pool, one paddle tennis court, and a barbecue area containing three barbecue grills. The 16 parking stalls located within buildings 7 and 8 have open entries and do not have garage doors.

The Beach Pavilion will contain a single nonresidential apartment having (a) approximately 1,194 sq. ft. of interior floor area, including locker rooms, dressing rooms, shower and toilet facilities, janitors' closet, pool and equipment room, and office, and (b) exterior trellised and roof patio areas of approximately 2,916 sq. ft., including kitchenette and bar.

Buildings 7 through 14 contain various combinations of one or more of the five (5) different types of apartments described below, ranging from single-level one-bedroom, one-bath apartments to split-level, three-bedroom, three-bath townhouse apartments.

Phase IA contains twelve (12) Type "A" apartments, which are one-bedroom, one-bath apartments, including a living room/dining room, kitchen, bedroom, bathroom and one lanai.

Phase IA contains twenty-six (26) Type "B" apartments, which are two-bedroom, two-bath apartments including a living room/dining room, kitchen, two bathrooms, two bedrooms and two lanais.

Phase IA contains four (4) Type "C" apartments, which are two-bedroom, two-bath apartments including a living room/dining room, kitchen, two bedrooms, two bathrooms and two lanais.

Phase IA contains eight (8) Type "D" apartments, which are three-bedroom, two-bath apartments including a living room, dining room, kitchen, three bedrooms, two bathrooms and two lanais.

Phase IA contains four (4) Type "E" apartments, which are three-bedroom, three-bath townhouse apartments including on the lower floor a living room, dining room, kitchen, bath, one bedroom and one lanai, and on the upper floor two bedrooms, two bathrooms and two lanais.

Each townhouse and lower floor apartment has access to the common elements at the ground level. Each upper level apartment has access via an entry way and staircase to the common elements at ground level.

Each residential apartment will have drapes, a range and oven combination, refrigerator/freezer, disposal, dishwasher, water heater, compactor, washer and dryer and an open air-duct system for optional air conditioning system. (Installation of such optional air conditioning system will require further wiring.) The living rooms, dining rooms and bedrooms of all residential apartments will be carpeted. (Note: The carpeting has been changed from the carpeting originally planned to a type of carpeting comparable in texture and quality.) The kitchens and the bathrooms of all residential apartments will have hard tile floors. Each apartment will be connected to a master television antenna system.

The apartment numbers, apartment types, floor location, approximate interior floor area, approximate lanai area and percentage of common interest appurtenant to each apartment in Phase 1A are listed immediately below. The first digit (in the case of apartment numbers of three digits) and the first two digits (in the case of apartment numbers of four digits) of each apartment number indicate the number of the building in which the apartment is located.

<u>Apartment No.</u>	<u>Apartment Type</u>	<u>Floor</u>	<u>Approx. Interior Floor Area</u>	<u>Approx. Lanai Area</u>	<u>Percentage Interest</u>
701	B	1	1259	349	1.1641
702	B	2	1259	335	1.1641
703	C	1	1416	581	1.3093
704	C	2	1416	319	1.3093
705	CR	1	1416	581	1.3093
706	CR	2	1416	319	1.3093
707	BR	1	1259	349	1.1641
708	BR	2	1259	335	1.1641
801	B	1	1259	349	1.1641
802	B	2	1259	335	1.1641
803	D	1	1609	520	1.4878
804	D	2	1609	321	1.4878
805	DR	1	1609	520	1.4878

<u>Apartment No.</u>	<u>Apartment Type</u>	<u>Floor</u>	<u>Approx. Interior Floor Area</u>	<u>Approx. Lanai Area</u>	<u>Percentage Interest</u>
806	DR	2	1609	321	1.4878
807	BR	1	1259	349	1.1641
808	BR	2	1259	335	1.1641
901	B	1	1259	301	1.1641
902	B	2	1259	425	1.1641
903	D	1	1609	572	1.4878
904	D	2	1609	321	1.4878
905	DR	1	1609	685	1.4878
906	DR	2	1609	321	1.4878
907	BVR	1	1259	301	1.1641
908	BVR	2	1259	435	1.1641
909	AR	1	891	237	0.8239
910	AR	2	891	278	0.8239
1001	BR	1	1259	340	1.1641
1002	BR	2	1259	347	1.1641
1003	ER	T	1749	744	1.6172
1004	E	T	1749	714	1.6172
1005	B	1	1259	338	1.1641
1006	B	2	1259	347	1.1641
1101	AR	1	891	228	0.8239
1102	AR	2	891	278	0.8239
1103	BVR	1	1259	284	1.1641
1104	BVR	2	1259	347	1.1641
1201	AR	1	891	228	0.8239
1202	AR	2	891	228	0.8239
1203	B	1	1259	438	1.1641
1204	B	2	1259	347	1.1641

<u>Apartment No.</u>	<u>Apartment Type</u>	<u>Floor</u>	<u>Approx. Interior Floor Area</u>	<u>Approx. Lanai Area</u>	<u>Percentage Interest</u>
1301	AR	1	891	231	0.8239
1302	AR	2	891	228	0.8239
1303	B	1	1259	348	1.1641
1304	B	2	1259	347	1.1641
1305	ER	T	1749	714	1.6172
1306	E	T	1749	714	1.6172
1307	BV	1	1259	328	1.1641
1308	BV	2	1259	347	1.1641
1309	A	1	891	285	0.8239
1310	A	2	891	228	0.8239
1401	A	1	891	237	0.8239
1402	A	2	891	228	0.8239
1403	BV	1	1259	348	1.1641
1404	BV	2	1259	347	1.1641
Beach Pavilion -		-	1194	2916	1.1049

(An "R" designation in the Apartment Type indicates a reverse floor plan. A "V" designation in the Apartment Type indicates a variation in the roofline. A "T" designation in the Floor column indicates a two-story townhouse.)

**NOTE:** Most of the lanai areas specified above reflect the redesign and extension of certain of the second-floor lanai decks and the measurement of lower-level lanais to the edge of the paving. Because of the extension of some of the second-floor lanai decks, the corresponding lower-level lanais now have greater overhead covering than previously planned, and some of the lower-level lanais now contain structural supports for the extended second-floor lanais. The extension of the second-floor lanai decks may affect the ocean views from other apartments in some instances. Some of the lower-level lanais are partially bounded by a rock wall which is part of the common elements.

**LIMITS OF APARTMENTS:** The respective apartments shall not be deemed to include the undecorated or unfinished walls, the floors and ceilings surrounding each apartment, the flooring, railings and any ceilings or overhead trellises of lanais, 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 lanais, all the walls and partitions which are not load bearing within its perimeter walls, all doors, windows and perimeter glass, the inner decorated or finished surfaces of all walls, floors and ceilings, and the built-in fixtures.

COMMON ELEMENTS: The common elements in Phase IA will include all portions of the land and improvements other than the respective apartments. In other words, the common elements will include the apartment buildings, the land on which all apartment buildings are located, 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) Said land in fee;
- (b) All foundations, supports, bearing walls and exterior stairs, landings and entranceways of said buildings;
- (c) All roofs;
- (d) The gatehouse, bridge, belvedere, all housekeeping stations (including tool storage and grounds maintenance storage areas), yards and refuse areas;
- (e) All ducts, electrical equipment, wiring and other central and appurtenant installations for services, including power, light, cold and hot water, refuse and telephone;
- (f) All parking stalls, subject to the designation of those parking stalls within certain apartment structures as limited common elements;
- (g) One swimming pool adjacent to the Beach Pavilion, one paddle tennis court and a barbecue area containing three barbecue grills;
- (h) All other devices or installations upon the land existing for or normally in common use by all the owners of apartments within the Project; and
- (i) The limited common elements described below.

LIMITED COMMON ELEMENTS: Limited common elements in Phase IA and the apartments to which their use is reserved are:

- (a) Exterior staircases, landings and entranceways shall be limited common elements for the exclusive use of the apartments they serve.
- (b) Any trellis-covered privacy area (other than a



lanai comprising part of an apartment) adjacent to an apartment shall be a limited common element for the exclusive use of that apartment.

- (c) The sixteen (16) parking spaces within buildings 7 and 8 shall be limited common elements. Viewed from the side of such buildings on which such parking spaces are located, the parking spaces are numbered in ascending order from right to left, being numbered from 701 through 708 in building 7 and from 801 through 808 in building 8. The Developer reserves the right to assign the exclusive use of such parking spaces to specific apartment owners at the time of the initial conveyances of such apartments and reserves the right, without the joinder or further act of any other apartment owner, to execute and file an amendment or amendments of the Declaration to designate the apartments to which the exclusive use of such parking spaces will be appurtenant.

NOTE: The Developer proposes to sell the exclusive use of such parking spaces to apartment owners wishing to purchase such spaces, with first preference being given, when feasible, to the purchasers of apartments in buildings 7 and 8. If the purchaser of an apartment in building 7 or building 8 does not wish to purchase a parking space in such purchaser's building, the Developer will offer the exclusive use of such space for sale to other apartment owners in the project.

- (d) Mail boxes for all apartments will be located in the vicinity of the Beach Pavilion, and each mail box shall be a limited common element for the exclusive use of the apartment having the same number as such mail box.

PERCENTAGE OF UNDIVIDED OWNERSHIP TO BE CONVEYED: The percentage of undivided interest in the common elements appertaining to the apartments in Phase IA is shown opposite the number of each apartment listed in the DESCRIPTION contained above. The remaining undivided interest in the common elements will be allocated among the apartments in Phase IB, as more fully provided in the Declaration, subject to change by the Developer pursuant to its rights reserved in paragraph 13 of the Declaration. The interests in the common elements of the project are allocated among the apartments approximately on the basis of their interior floor areas.

The voting rights of apartment owners, as well as their shares of the common expenses shall be allocated in proportion to their percentage interests in the common elements; PROVIDED, that no apartment owner, including the Developer, shall be obligated for the payment of the share of the common expenses allocated to his apartment nor have any voting rights with respect to such apartment until a certificate of occupancy relating to such apartment is issued by the appropriate county agency, and all common expenses and voting

rights of any apartment for which a certificate of occupancy has not been issued shall be reallocated among the owners of apartments for which a certificate of occupancy has been issued pending the issuance of a certificate of occupancy for such apartment.

APARTMENT OWNERS ASSOCIATION: The Declaration provides for the organization of the Association of Apartment Owners, an unincorporated association responsible for the management, operation and maintenance of the common elements within the project. All apartment owners will be members of the Association of Apartment Owners and will be obliged to pay assessments levied by the Association in accordance with the Bylaws of the Association filed with the Declaration. The voting rights of apartment owners, as well as their shares of the common expenses, shall be allocated in proportion to their respective interests in the common elements.

PURPOSES OF BUILDINGS AND RESTRICTIONS AS TO USE: The fifty-four (54) residential apartments in Phase IA shall at all times be used as permanent or temporary residences and for no other purpose, except that the Developer may use any of such apartments for sales or display purposes prior to the sale and conveyance thereof by the Developer. All parking spaces in the project (including parking spaces within buildings) shall be used solely for the parking of automobiles, motorcycles, motorbikes and trucks 1/2 ton or less in capacity.

The Beach Pavilion apartment is intended and restricted for use as a recreational facility by the owners and occupants of residential apartments and their guests, subject to the reservation by the Developer of the right to make such facility available for use by the owners and occupants (and their guests) of other premises covered by the Declaration as to Merger of Increments in a Condominium Project described below; PROVIDED, that (1) a portion of the Beach Pavilion apartment may be used as an office by the Board of Directors or the Managing Agent of the project and (2) the Beach Pavilion apartment may be used by the Developer for sales or display purposes in connection with sales of residential apartments in the project or in any other project constructed on other premises covered by such Declaration as to Merger.

OWNERSHIP OF TITLE: The updated Preliminary Report dated June 6, 1977, issued by Title Guaranty of Hawaii Incorporated, states that fee simple title to the land is held by the Developer, as shown on Transfer Certificate of Title No. 166,518 issued to the Developer, subject to the encumbrances stated below.

ENCUMBRANCES: An updated Preliminary Report dated June 6, 1977, issued by Title Guaranty of Hawaii Incorporated, discloses the following:

1. Location of the seaward boundary in accordance with the law of the State of Hawaii.

2. Reservation of all mineral and metallic mines in favor of the State of Hawaii, as set forth in Royal Patent Grants 234 and 548.
3. Designation of Easement 30, as shown on Maps 12 and 17 filed with Land Court Application No. 1804, and as set forth by Land Court Order No. 44243.
4. Designation of Easement 32, for drainage, landscaping, pedestrian access, recreational and building set back purposes, as shown on Maps 12 and 17 filed with Land Court Application No. 1804, and as set forth by Land Court Order No. 44243.
5. Designation of Easement 57, for electrical and other utility purposes, as shown on Map 17 filed with Land Court Application No. 1804, and as set forth by Land Court Order No. 47157.
6. Designation of Easement 58, for waterline purposes, as shown on Map 17 filed with Land Court Application No. 1804, and as set forth by Land Court Order No. 47157.
7. Open Space Declaration dated October 1, 1975, executed by the Declarant and filed as Land Court Document No. 770617.

NOTE: The Developer has advised the Commission, at the request of the County of Maui, it will amend the Open Space Declaration to redesignate the common protected open space in the Project to cover certain additional portions of the common areas.

8. Declaration as to Merger of Increments in a Condominium Project dated May 20, 1977, executed by the Declarant and filed as Land Court Document No. 820117.
9. Covenants contained in Declaration of Covenants and Restrictions made by Wailea Development Company dated January 17, 1975 and filed as Land Court Document No. 713123 and Supplemental Declaration No. Six annexing Lot 78 to said Declaration of Covenants Document No. 713123, dated April 14, 1977 and filed as Land Court Document No. 820119.
10. Declaration of Horizontal Property Regime dated May 20, 1977, executed by the Declarant and filed as Land Court Document No. 820118, together with Bylaws attached thereto and made a part thereof and Condominium Map No. 307.
11. For any taxes that may be due and owing, reference is made to the office of the tax assessor, second division.

WAILA PROPERTY OWNERS ASSOCIATION: The Declaration of Covenants and Restrictions provides for the organization of the Wailea Property Owners Association, a nonprofit corporation established to own and maintain certain property and to provide certain services for all the owners of property at Wailea, Maui, including condominium apartment owners, hotel operators and so forth. All apartment owners in the project will be obliged to pay assessments levied by the Wailea Property Owners Association, but no such assessments will be levied against any apartment until a certificate of occupancy is issued for such apartment. The Declaration of Covenants and Restrictions also provides for the establishment of a community design committee having the authority to approve or disapprove any proposed construction or alteration on property subject to such Declaration. The Developer does not represent that any common property will in fact be conveyed to the Wailea Property Owners Association or that any further property at Wailea, Maui, will in fact be annexed to the property covered by such Declaration.

MERGER: The Declaration as to Merger of Increments in a Condominium Project dated May 20, 1977, and filed as Land Court Document No. 820117, a copy of which has been filed with and is available for public inspection at the Office of the Real Estate Commission, affects the project and approximately 10.02 acres of additional property. The Declaration as to Merger permits the Developer to merge one or more additional condominium projects with this project for purposes of administration and use. The Developer does not represent that any such additional condominium projects will be developed or that, if developed, they will be merged with the project.

RESTRICTIONS AND OBLIGATIONS: The prospective purchasers should note that the Purchase Agreement, the Declaration as to Merger of Increments in a Condominium Project and the Apartment Deed prohibit the apartment owners in any of the phases of the Wailea Elua development from entering into a rental pool or other rental sharing agreement until after all phases of the Wailea Elua development covered by the Declaration as to Merger have been completed and sold.

Prospective purchasers are advised to examine carefully the form of the Declaration of Horizontal Property Regime, the Declaration as to Merger of Increments in a Condominium Project and the Declaration of Covenants and Restrictions so that they may familiarize themselves with the restrictions and obligations contained therein. The Declaration of Horizontal Property Regime provides that the Declaration of Covenants and Restrictions and the Declaration as to Merger of Increments in a Condominium Project shall control if there is any conflict with the Declaration of Horizontal Property Regime.

PURCHASE MONEY HANDLING: The Developer has submitted as part of the registration copies of the specimen Purchase Agreement, the Escrow Agreement dated October 8, 1975, executed by

the Developer and Title Guaranty Escrow Services, Inc., as "Escrowee", and the Amendment to Escrow Agreement dated May 18, 1977. The Escrow Agreement, as amended, governs the release of purchasers' funds from escrow.

Upon examination, the Purchase Agreement and the executed Escrow Agreement, as amended, are found to be in compliance with Chapter 514, Hawaii Revised Statutes, as amended, and particularly with Sections 514-35 through 514-40. A prospective purchaser should carefully examine the form of Purchase Agreement and the Escrow Agreement, as amended, to determine the time for and the amount of the installment payments on the purchase price and the sharing of closing costs, as well as the manner in which funds held in escrow may be disbursed. The executed Escrow Agreement, as amended, provides in part that a purchaser shall be entitled to a return of his funds, and the Escrowee shall pay such funds to such purchaser, together with any interest thereon and less the cancellation fee imposed by the Escrowee, promptly after request for return by the purchaser if any one of the following occurs:

- (a) The Developer requests the Escrowee in writing to return to the purchaser the funds of the purchaser then being held in escrow by the Escrowee; or
- (b) The Developer notifies the Escrowee of the Developer's exercise of the option to rescind the Purchase Agreement of the purchaser pursuant to any right of rescission stated therein or otherwise available to the Developer; or
- (c) The purchaser's funds are 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 for the project or (ii) there is any change in the condominium building plans subsequent to the execution of the Purchase Agreement requiring approval of a county officer having jurisdiction over the issuance of permits for the construction of buildings, unless in any such case the purchaser has given written approval or acceptance of the specific differences or changes; or
- (d) The Final Public Report for the project is not issued within one (1) year of the date of issuance of the Preliminary Public Report for the project; or
- (e) Construction of the purchaser's apartment is not completed within twenty-four (24) months after the date of his Purchase Agreement (subject to delay beyond the Developer's control).

Upon any such return of funds to a purchaser, the Escrowee will return to the Developer the purchaser's Purchase Agreement and any conveyancing documents theretofore delivered to

the Escrowee; and thereupon the purchaser shall no longer be obligated under the Purchase Agreement.

It is incumbent upon the purchaser and the prospective purchaser that he reads with care the Purchase Agreement and the executed Escrow Agreement and the Amendment thereto. The latter establishes how the proceeds from the sale of apartments are placed in trust, as well as the retention and disbursement of said trust fund.

PERMANENT FINANCING: The Developer had a commitment from an institutional lender to provide long-term financing to purchasers of apartments in the project; however, that loan commitment expired on March 31, 1977. The Developer is investigating possible sources for another commitment of long-term financing; but the Developer makes no representation or assurance that it will arrange such financing for apartment purchasers, and meanwhile each apartment purchaser is free to obtain his own financing from a lending institution or other source of his choice.

MANAGEMENT AND OPERATION: Section 3 of Article III of the Bylaws of the Association of Apartment Owners states that the Board of Directors of the Association shall at all times employ a responsible managing agent to manage and control all of the project subject at all times to direction by the Board of Directors. The Developer has contracted with Aaron M. Chaney, Inc., a Hawaii corporation, on behalf of the Association of Apartment Owners to act as the fiscal and physical manager of the project for a term of one (1) year, commencing when a certificate of occupancy is issued for the first apartment and when occupancy is authorized by the Developer. The property management fee is \$8.05 per month per apartment for which a certificate of occupancy is issued, with a guaranteed minimum management fee of \$200 per month.

OWNERSHIP OF THE BEACH PAVILION: The Developer will convey the Beach Pavilion apartment to the Board of Directors of the Association of Apartment Owners in trust for the use and enjoyment of the owners and occupants (and their guests) from time to time of residential apartments in the project and the owners and occupants (and their guests) of other premises covered by the Declaration as to Merger of Increments in a Condominium Project, subject to the right of the Board of Directors or the Managing Agent to use a portion of the Beach Pavilion Apartment as an office and the right of the Developer to use the Beach Pavilion apartment for sales or display purposes in connection with sales of residential apartments in the project or in any other project constructed on other premises covered by such Declaration as to Merger. The Association of Apartment Owners will be obligated to pay all expenses (including the Beach Pavilion apartment's proportionate share of common expenses) incident to the ownership and operation of the Beach Pavilion. Such expenses will thus be common expenses of the Association of Apartment Owners payable by all residential apartment owners in the same manner as all other common expenses of the project.

STATUS OF PROJECT: Construction of Phase IA is completed as evidenced by the Notice of Completion published July 1, 1977, a copy of which has been submitted to the Commission.

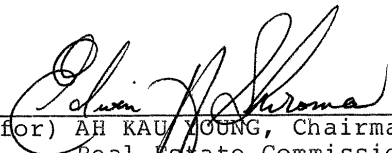
REGISTRATION OF THE PROJECT FOR SALE IN OTHER JURISDICTIONS:  
The Developer has advised that it does not intend to register Phase IA for sale in any jurisdiction other than the State of Hawaii. Although the Developer originally planned to register Phase IA with the California Real Estate Commission, the Developer now advises that it does not presently intend to proceed with such registration or to obtain a Final Public Report from the California Real Estate Commission.

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A prospective purchaser should be cognizant of the fact that this Final Public Report represents information disclosed by the Developer in the required Notice of Intention submitted on October 10, 1975, and information subsequently filed as of July 6, 1977.

This FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 814, filed with the Commission on October 10, 1975.

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(for) AH KAU YOUNG, Chairman  
Real Estate Commission  
State of Hawaii

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July 8, 1977.