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

PUUALII, PHASE I, INCREMENT 1

Heeia, Koolaupoko, City and County of Honolulu

State of Hawaii

REGISTRATION NO. 906

IMPORTANT — Read This Report Before Buying

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

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

The developer shall not enter into a binding contract or agreement for the sale of any unit in a Condominium Project but may only take reservations therefore after

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

Issued: May 23, 1977
Expires: June 23, 1978

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 APRIL 22, 1977 AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF MAY 18, 1977. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY REGIME LAW, HAWAII REVISED STATUTES, CHAPTER 514, AS AMENDED.

1. PuuAlii, Phase I, Increment 1, is a proposed leasehold condominium project consisting of twenty-four (24) residential apartments, arranged throughout two separate apartment buildings (designated Buildings 9 and 10), with fifty-two (52) parking stalls.

2. The Developer of the Project has submitted to the Commission for examination all documents deemed necessary for the registration of this condominium project and issuance of this Preliminary Public Report.

3. The basic documents (Declaration of Horizontal Property Regime, By-Laws of Association of Apartment Owners and a copy of the approved Floor Plans) have not been filed in the office of the recording officer.

4. Preliminary advertising and promotional matter has not been submitted pursuant to the rules and regulations promulgated by the Commission.

5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Hawaii Revised Statutes, Chapter 514, and the rules and regulations of the Hawaii Real Estate Commission which relate to Horizontal Property Regimes.

6. This Preliminary Public Report is made a part of the registration of PUUALII, PHASE I, INCREMENT 1 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 obtaining a signed receipt for same.

7. This Preliminary Public Report automatically expires thirteen (13) months after date of issuance, May 23, 1977, unless a Supplementary Public Report or Final Public Report is published or the Commission, upon review of registration, issues an order extending the effective period of this report.

NAME OF PROJECT: PUUALII, PHASE I, INCREMENT 1

LOCATION: The approximate 1.525 acres of land to be committed to the regime is situated at Heeia, District of Koolaupoko, City and County of Honolulu, State of Hawaii.

TAX KEY: First Division, 4-6-02 portion of parcel 1.

ZONING: Planned Development-Housing District No. R-45 (Ordinance No. 4421).

DEVELOPER: SWIRE-McCORMACK LTD., a Hawaii corporation, whose business and post office address is 841 Bishop Street, Suite

2000, Honolulu, Hawaii 96813 (Telephone No. 524-2600).

The officers for SWIRE-McCORMACK LTD. are:

R. S. Sheldon - Chairman of the Board
Michael T. McCormack - President
F. Alan Fosler - Vice President
Rex W. Sorensen - Secretary/Treasurer

ATTORNEY REPRESENTING DEVELOPER: Stubenberg, Shigemura, Roney & Gniffke (Attention: James A. Stubenberg), 32 Merchant Street, Honolulu, Hawaii 96813 (Telephone No. 524-0933).

DESCRIPTION: The proposed Declaration of Horizontal Property Regime reflects that the project is to consist of 24 residential apartments arranged throughout 2 separate buildings situate on the 1.525 acres of land. Each apartment shall consist of the space measured horizontally by the distances between the interior surfaces of the perimeter walls of each apartment, and measured vertically by the distance between the topside surface of the floor and the underside surface of the ceiling.

The principal materials of which the apartment buildings shall be constructed are wood with concrete footings.

There are a total of 12 two-story apartments containing three bedrooms, two baths, a kitchen, a living-dining room and a lanai; 10 two-story apartments containing two bedrooms, two baths, a kitchen, a living-dining room and a lanai; and 2 one-story apartments containing two bedrooms, two baths, a kitchen, a living-dining room and a lanai. Each apartment has two parking spaces assigned to it. There shall be a total of 52 parking stalls including 4 guest parking stalls.

The Apartment Number, the Parking Space Numbers, the Unit Type, the Number of Rooms, the Number of Floors, the Approximate Area of Each Apartment (in Square Feet), which area excludes the area of each apartment's appurtenant lanai and/or patio, and the Percent of Common Interest of each apartment in the common elements are as follows:

Apartment Number	Parking Space Numbers	Unit Type	Number of Rooms	Number of Floors	Approximate Area in Each Apartment in Square Feet (Excluding Lanais and Garages)	Percent of Common Interest
9-U1	148 & 149	H5SE	6	1	940	3.4776
9-L1	150 & 153	H2SE	7	2	1279	4.7317
9-U2	151 & 156	H3	7	2	1280	4.7354
9-L2	154 & 155	H1	6	2	974	3.6034
9-U3	152 & 157	H3	7	2	1280	4.7354
9-L3	158 & 159	H1	6	2	974	3.6034

Apartment Number	Parking Space Numbers	Unit Type	Number of Rooms	Number of Floors	Approximate Area in Each Apartment in Square Feet (Excluding Lanais and Garages)	Percent of Common Interest
9-U4	162 & 167	H3	7	2	1280	4.7354
9-L4	160 & 161	H1	6	2	974	3.6034
9-U5	163 & 168	H3	7	2	1280	4.7354
9-L5	164 & 165	H1	6	2	974	3.6034
9-U6	170 & 171	H5SE	6	1	940	3.4776
9-L6	166 & 169	H2SE	7	2	1279	4.7317
10-U1	176 & 179	H3E	7	2	1297	4.7989
10-L1	180 & 181	H1E	6	2	983	3.6366
10-U2	177 & 184	H3	7	2	1280	4.7354
10-L2	182 & 183	H1	6	2	974	3.6034
10-U3	178 & 185	H3	7	2	1280	4.7354
10-L3	186 & 187	H1	6	2	974	3.6034
10-U4	190 & 197	H3	7	2	1280	4.7354
10-L4	188 & 189	H1	6	2	974	3.6034
10-U5	191 & 198	H3	7	2	1280	4.7354
10-L5	192 & 193	H1	6	2	974	3.6034
10-U6	196 & 199	H3E	7	2	1297	4.7989
10-L6	194 & 195	H1E	6	2	983	3.6366

COMMON ELEMENTS: The proposed Declaration reflects that the common elements shall include all of the land and improvements other than apartments specifically including:

(a) Said land in fee simple;

(b) All foundations, floor slabs, columns, beams, supports, unfinished perimeter and load-bearing walls, roofs, and walkways around and between said building;

(c) All yards, grounds, landscaping, garden areas, roads, curbs, and like facilities;

(d) All driveways and parking areas which are of common use by owners of more than one apartment;

(e) All ducts, sewer lines, electrical equipment, pipes, wiring and other central and appurtenant transmission facilities over, under and across the project which serve more than one apartment for services, such as power, light, water, air conditioning, refuse, sewer, telephone and radio and television signal distribution;

(f) Four (4) guest automobile parking spaces designated on the proposed Condominium Map as Parking Space Numbers 172, 173, 174 and 175.

(g) Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance or safety, or normally in common use.

LIMITED COMMON ELEMENTS: The proposed Declaration reflects that the limited common elements include:

(a) Two automobile parking spaces for each apartment, as designated on the Condominium Map and as shown under the topical heading of DESCRIPTION, shall be appurtenant to and for the exclusive use of such apartment.

(b) Any walkway, or corridor which connects the apartment or apartments adjoining it to the stairway, or exterior of the project shall be appurtenant to and for the exclusive use of said adjoining apartment or apartments;

(c) All other common elements of the project which are related to less than all of said apartments or buildings shall be limited to the use of such apartment or buildings.

INTEREST TO BE CONVEYED TO PURCHASER: The proposed Declaration reflects that the undivided interests established and to be conveyed with the respective apartments, shall have a permanent character and shall not be altered without the consent of all of the apartment owners affected, expressed in an amendment to the proposed Declaration which shall be duly recorded, or except as otherwise set forth in the proposed Declaration, that the undivided interests in the common areas and facilities and the leasehold titles to the respective apartments to be conveyed shall not be separated or separately conveyed, and each said undivided interest shall be deemed to be conveyed or encumbered with its respective apartment even though the description in the instrument of conveyance or encumbrance may refer only to the leasehold title to the apartment. The proportionate shares of the separate owners of the respective apartments in the profits and common expenses in the common areas and facilities as well as their proportionate representation for voting purposes in the Association of Apartment Owners shall be the undivided interest shown above under the topical heading of DESCRIPTION.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The proposed Declaration reflects that the apartments are intended to be used only as residential apartments. The parking stalls shall be used only for the purpose of parking passenger automobiles.

OWNERSHIP OF TITLE: A preliminary report issued on March 3, 1977 by Security Title Corporation certifies that the Trustees of Bernice P. Bishop Estate have title to the land committed to the project. By lease dated as of June 7, 1976, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 768125, and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 11460 at Page 547, said Trustees leased the aforesaid property to Thomas Francis McCormack for a term commencing from the first day of January, 1976, a copy of which lease has been filed with the Real Estate Commission. Also, by Master Construction Sublease dated June 7, 1976, filed in said Office of the Assistant Registrar as Document No. 768126, and recorded in said Bureau of Conveyances in Liber 11461 at Page 1, said Trustees and Thomas Francis McCormack, as Lessors, leased the aforesaid property to Swire-McCormack Ltd., as Lessee, for a term of 61 years commencing from the first day of January 1976.

ENCUMBRANCES AGAINST TITLE: The Preliminary Report issued on March 3, 1977 by Security Title Corporation identifies the following encumbrances on the land:

1. Real Property Taxes for the second half of Fiscal Year 1976-1977.

2. Designation of Easement 584, over and across Lot 1431-E, as shown on Map 173, as set forth by Land Court Order No. 46715.

3. Declaration of Protective Provisions for Alii Shores Yacht Club dated June 1, 1973, filed in said Office of the Assistant Registrar as Document No. 639983, and also recorded on July 19, 1973 in the Bureau of Conveyances of the State of Hawaii in Liber 9325 at Page 120.

4. The terms and provisions of that certain Bishop Estate Lease No. 24,620 dated June 7, 1976, filed in said Office of the Assistant Registrar as Document No. 768125, and also recorded in said Bureau of Conveyances in Liber 11460 at Page 547, made by and between TRUSTEES OF THE ESTATE OF BERNICE PAUAHI BISHOP, as Lessors, and THOMAS FRANCIS McCORMACK, husband of Hilda Frances McCormack, as Lessee, for a term commencing from the first day of January 1976.

5. The terms and provisions of that certain Bishop Estate Lease No. 24,620-A dated June 7, 1976, filed in said Office of the Assistant Registrar as Document No. 768126, and also recorded on June 9, 1976 in said Bureau of Conveyances in Liber 11461 at Page 1, made by and between TRUSTEES OF THE ESTATE OF BERNICE PAUAHI BISHOP, "Owners", and THOMAS FRANCIS McCORMACK, "Tenant", holder of the Master Lease dated June 7, 1976, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 11460 at Page 547, and filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 768125, as Lessors, and SWIRE-McCORMACK LTD., a Hawaii corporation, as Lessee, for a term of 61 years commencing from the first day of January 1976.

Said Sublease is subject to the following:

a) Mortgage dated June 9, 1976, filed in said Office of the Assistant Registrar as Document No. 768534, and also recorded on June 14, 1976 in said Bureau of Conveyances in Liber 11465 at Page 261, made by SWIRE-McCORMACK LTD., as Mortgagor, to SWIRE PROPERTIES (Netherlands) B. V., as Mortgagee, to secure the repayment of the sum of $1,000,000.00, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor therein referred to.

b) Mortgage dated December 2, 1976, filed in said Office of the Assistant Registrar as Document No. 793973, and also recorded on December 14, 1976 in said Bureau of Conveyances in Liber 11880 at Page 42, made by SWIRE-McCORMACK LTD., as Mortgagor, to SWIRE PROPERTIES (Netherlands) B. V., as Mortgagee, to secure the repayment of the sum of $2,400,000.00, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor therein referred to.

The Developer has advised the Commission that at the time the first apartment lease is entered into between said Owners and Tenant, as Lessors, and an apartment purchaser, as Lessee, every mortgage and other lien affecting both such apartment and any other apartment shall be paid and satisfied of record, or the apartment being leased shall be released therefrom by partial release duly recorded.

MERGER OF INCREMENTS; RESTRICTIVE COVENANTS: Prior to issuance of a Final Public Report for this project, the Developer will place on record a Declaration as to Merger of Increments in a Condominium Project, a draft of which has been filed with and is available for public inspection at the Office of the Real Estate Commission. Said Declaration will affect the Project and approximately 11.382 acres of additional property. In addition, the Developer will place on record prior to issuance of a Final Public Report on this project, a Declaration of Covenants, Conditions and Restrictions affecting the project and other property, a draft of which has been filed with and is available for inspection at the Office of the Real Estate Commission.

Prospective purchasers are advised to carefully examine the form of Declaration of Horizontal Property Regime, Declaration as to Merger and Declaration of Covenants, Conditions and Restrictions so that they may familiarize themselves with this Project, how this increment will be merged into one or more future increments, and what restrictions and obligations will apply to all purchasers in each increment.

Among other things, the proposed Declaration as to Merger explains that 1) it is the intention of the Owner and Developer to merge each increment with all prior increments so that upon completion of the last increment, the entire property shall be controlled and administered as a single condominium project; and 2) that while merger will affect the administration and use

of increments and the sharing of common expenses, the ownership of apartments and their appurtenant common interests in each respective increment will not be affected.

The proposed Declaration of Covenants, Conditions and Restrictions provides, among other things, for mandatory membership of each purchaser in the PuuAlii Community Association, which will be created primarily to provide for the management, maintenance, protection, preservation, architectural control and development of "Association Property" (consisting of this Project and said 11.382 additional acres), a 3.638 acre "Recreation Property", and any additional adjacent properties added to either category.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated March 10, 1977, identifies Security Title Corporation, a Hawaii corporation, as Escrow Agent. On examination the specimen Receipt and Sales Contract and the executed Escrow Agreement are found to be in compliance with Hawaii Revised Statutes, Chapter 514, and particularly Section 514-35 and Section 514-36 through Section 514-40.

Among other provisions the executed Escrow Agreement states that a purchaser under a Receipt and Sales Contract shall have the right to cancel his agreement to purchase and to obtain a refund of all moneys held by Escrow which were paid by such purchaser under such sales agreement if (a)(i) the Final Public Report is not issued by the Real Estate Commission within one year from the date of issuance of the Preliminary Public Report, or (ii) there is any change in the condominium building plans subsequent to the execution of the Receipt and Sales Contract, and prior to the issuance of said Final Public Report, which change requires the approval of a county officer having jurisdiction over issuance of permits for construction of buildings, and Seller fails to obtain the purchaser's written approval or acceptance of the specific change (unless ninety (90) days have elapsed since the purchaser has accepted in writing the apartment or he first occupied the apartment), or (iii) the Final Public Report differs in any material respect from the Preliminary Public Report, and (b) the purchaser delivers notice in writing to Seller and Escrow cancelling the Receipt and Sales Contract and requesting such refund prior to the expiration of ten (10) days after the occurrence of any of the foregoing conditions.

Among other provisions, the specimen Receipt and Sales Contract states that 1) if the building is not erected within two years from the date of the Sales, the purchaser may cancel said Contract upon wirtten notice to Seller within sixty (60) days from the end of said two-year period (unless the purchaser waives said delay), and 2) Seller may, at its option, terminate the Sales Contract if it fails to sell at least fifty percent (50%) of the apartments in the Project by a certain date, but should Seller do so, it will refund all of purchaser's payments with interest.

MANAGEMENT AND OPERATIONS: The Developer has advised that it is currently negotiating with Certified Management, a division of A R Corporation, a Hawaii corporation, for a property

management and agency agreement.

The Developer and its agents are not offering to provide services relating to the sale or rental of apartments purchased in the project, and no representation or reference to that effect has been or will be made by or on behalf of the Developer.

STATUS OF PROJECT: The Developer has advised that construction of said buildings and apartments has commenced on May 16, 1977.

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 on April 22, 1977.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 906 filed with the Commission on April 22, 1977.

The report, when reproduced, shall be a true copy of the Commission's Public Report. In making facsimiles the paper stock shall be yellow in color.

AH KAU YOUNG, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

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ESCROW AGENT

May 23, 1977
Registration No. 906