

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
PALEHUA GARDENS, PHASE I
Makakilo Drive
Ewa Beach, Hawaii

REGISTRATION NO. 912

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 : October 3, 1977
Expires: November 3, 1978

SPECIAL ATTENTION

A comprehensive reading of this report by prospective purchasers 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 MAY 12, 1977, AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF SEPTEMBER 30, 1977. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514, HAWAII REVISED STATUTES, AS AMENDED.

1. Since the issuance of the Commission's Preliminary Public Report of June 2, 1977, the Developer reports that changes have been made in the plan or setup of the project. The changes subsequently made are determined to be a material revision to the information disclosed earlier.

This Final Public Report (white paper stock) amends the Palehua Gardens, Phase I, Preliminary Public Report (yellow paper stock), becoming a part of this registration. The Developer is responsible for placing a true copy of this Final Public Report in the hands of all purchasers and prospective purchasers, along with a copy of the Preliminary Public Report. A copy of each report shall be delivered to the purchaser who shall be asked to sign a receipt signifying that he has received and has had an opportunity to read the reports.

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 Final Public Report.
3. The basic condominium documents have been filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, as follows:

The Declaration of Horizontal Property Regime of Palehua Gardens, with Bylaws of the Association of Apartment Owners of Palehua Gardens, dated September 27, 1977 was filed in said Office as Document No. 837298 and noted on Transfer Certificate of Title No. 193,853.

The Assistant Registrar has designated Condominium Map No. 314 to floor plans of the project.

4. No advertising and promotional matter has been submitted to the Commission.
5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514, Hawaii Revised Statutes, as amended, and the Condominium Rules and Regulations which relate to horizontal property regimes.
6. This Final Public Report automatically expires thirteen (13) months after the date of issuance, October 3, 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.

The information in the topical headings of the Preliminary Public Report of June 2, 1977 has not been disturbed except that there are certain corrections and clarifications under the topical headings DESCRIPTION, COMMON ELEMENTS, LIMITED COMMON ELEMENTS and EASEMENTS and changes as more fully

described in the topical headings LOCATION, OWNERSHIP TO TITLE, ENCUMBRANCES AGAINST TITLE, PURCHASE MONEY HANDLING, MANAGEMENT AND OPERATION and STATUS OF PROJECT.

LOCATION: The only changes in the information under this topical heading in the Preliminary Public Report are that the land is now owned by Finance Realty Company, Limited, and is covered by Transfer Certificate of Title No. 193,853.

DESCRIPTION: The only change in the information under this topical heading in the Preliminary Public Report is that in the Type F unit there is no rear fenced yard area but instead there is an open yard area bordered by header boards at the rear of the apartment, which area is a limited common element.

COMMON ELEMENTS: In addition to the information under this topical heading in the Preliminary Public Report, the Declaration describes these additional common elements: Parking Stall No. 59, 60 and 61 for guest parking and recreational facilities consisting of a paved area with one basketball backboard.

LIMITED COMMON ELEMENTS. Subparagraph (b) under this topical heading in the Preliminary Public Report has been amended to provide as follows: "(b) the fenced yard area adjoining the rear of each Type E, E-1, and J apartment and the open yard area adjoining the rear of each Type F apartment, all as shown on said Condominium Map, shall be appurtenant to and for the exclusive use of each such apartment;"

EASEMENTS: Subparagraph (e) under this topical heading in the Preliminary Public Report has been amended to provide as follows: "(e) each of Apartments 25, 26, 27, 28 and 29 shall have an easement in its favor to place, maintain and operate a solar energy system on the roof of the building in which such apartment is located and over, across and through such other common elements of the building as shall be reasonably required in connection with the operation of a solar energy system to serve such apartment. Upon written approval by the Board of the installation of a solar energy system to serve any other apartment, such apartment shall have an easement as described herein appurtenant to such apartment, subject to such conditions as the Board shall impose. Upon installation of such a system, it shall be considered a fixture and a part of the apartment which it serves. Such a system may be removed by its owner at such owner's sole expense upon written notice to the Board, but such owner shall be obligated to repair any damage to the roof or other common elements of the building affected by such removal. The owner of each such system shall keep his system in working order and good condition at all times and shall not abandon the same; provided, however, that if any

owner is in default under any provision contained in this subparagraph, the Board may correct such violation and recover its expenses, including a reasonable attorney's fee, from the owner in default."

OWNERSHIP TO TITLE: By Deed dated September 27, 1977, Finance Realty Company, Limited, acquired fee simple title to Lot 2556 from the Trustees under the Will and of the Estate of James Campbell, Deceased, and Transfer Certificate of Title No. 193,853 was issued to Finance Realty Company, Limited. The acquisition of fee simple title to the land by the Developer will enable the Developer to transfer fee simple title to each condominium apartment to the purchaser by way of an Apartment Deed.

ENCUMBRANCES AGAINST TITLE: A Continuation of Lien Letter Report dated August 30, 1977 has been received by the Commission. In addition to the encumbrances shown in the Preliminary Public Report the following are also encumbrances against the land:

1. Designation of Easement 866 over and across Lot 2556, as shown on Map 284, as set forth by Land Court Order No. 47863, filed August 3, 1977.

2. Grant of Easement in favor of Palehua Community Association in Easement 866, for public access to school site, dated September 27, 1977, filed as Document No. 837295.

3. Grant of Easement to the City and County of Honolulu dated June 27, 1977, filed as Document No. 830147.

4. Declaration of Additional Property Annexed to Palehua Community dated September 27, 1977 filed as Document No. 837297.

5. Declaration of Horizontal Property Regime of Palehua Gardens, with Bylaws of the Association of Apartment Owners of Palehua Gardens dated September 27, 1977, effective as of October 1, 1977, filed in said Office as Document No. 837,298. The Assistant Registrar has designated Condominium Map No. 314 to floor plans of the project.

PURCHASE MONEY HANDLING: With regard to the financing of purchases, in addition to the information supplied in the Preliminary Public Report, the Developer reports that financing of purchases of apartments may be through mortgages obtained through conventional financing, through mortgages guaranteed by the Veterans Administration or by way of an Agreement of Sale. Mortgages insured by the Department of Housing and Urban Development pursuant to Section 234 of Title II of the National Housing Act will not be available.

In addition, this topical heading is amended to provide as follows: A copy of an amended Escrow Agreement, effective as of May 16, 1977, the date of the original Escrow Agreement, by and between Bank of Hawaii, a Hawaii corporation, as Escrow, and Finance Realty Company, Limited, a Hawaii corporation, as Seller, has been submitted to the Commission as part of this registration. On examination the amended Escrow Agreement and Sales Contract are found to be in compliance with Chapter 514, Hawaii Revised Statutes. The provisions of the Sales Contract should be carefully read by the purchasers. The specimen document filed as a part of the registration recites the conditions under which the purchaser acknowledges receipt of the Public Report.

The specimen Sales Contract provides among other things that Purchaser agrees that all rights of Purchaser are and at all times subject and subordinate to the lien of any mortgage to a lending institution, and to all advances, modification, extensions and renewals thereof, made to finance the cost of construction of the project.

An addendum to the specimen Sales Contract grants to the Department of Housing and Urban Development and its authorized personnel the right to obtain technical and non-technical data on the performance of the solar energy system(s) in the residential unit which the purchaser owns for a period of five years from the effective date of the first conveyance of the first apartment utilizing solar energy.

It is incumbent upon the purchaser that he read with care the Sales Contract and the amended Escrow Agreement. The amended Escrow Agreement establishes how the proceeds from the sale of the apartments and all sums of any source are placed in trust as well as the retention, disbursement and refund of said trust fund.

MANAGEMENT AND OPERATION: A Management Agreement has been submitted to the Commission which appoints Mahalo Nui Management, Inc., 195 South King Street, Honolulu, Hawaii, as the managing agent for the project. Purchasers are hereby informed that said managing agent is an affiliate and a wholly-owned subsidiary of the Developer.

HOUSE RULES: The Developer has submitted to the Commission a set of House Rules which shall be in force from the inception of the project.

STATUS OF THE PROJECT: The Developer reports that construction of the buildings in Phase I of the project has been completed as evidenced by the published Notices of Completion, copies of which are on file with the Commission.

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 May 12, 1977, and additional information subsequently filed as of September 30, 1977.

This FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 912 filed with the Commission on May 12, 1977.

This report, when reproduced, shall be a true copy of the Commission's public report. The paper stock used in making facsimiles must be white.


AH KAU YOUNG, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Department of Taxation
Bureau of Conveyances
Planning Commission, City & County of Honolulu
Department of Housing and Urban Development
Escrow Agent

REGISTRATION NO. 912

October 3, 1977