

# REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION

DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS

STATE OF HAWAII

1010 RICHARDS STREET

P. O. BOX 3469

HONOLULU, HAWAII 96801

## SUPPLEMENTARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT on

HAWAIIAN MONARCH  
444 Niu Street  
Honolulu, Hawaii

(Registration for HOTEL APARTMENTS only - Nos. 701 through 2401, 709 through 2409, 816 through 2416, 702 through 2402, 707 through 2407, 710 through 2410, 815 through 2415, 703 through 2403, 706 through 2406, 711 through 2411, 714 through 2414, 704 through 2404, 705 through 2405, 712 through 2412, 713 through 2413, 708 through 2408, 715 and 716)

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

It was prepared as a supplement to an earlier Report dated \_\_\_\_\_ issued by the Real Estate Commission on the above 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.

REGISTRATION NO. 929

Issued: January 26, 1984  
Expires: September 19, 1984

### SPECIAL ATTENTION

A comprehensive reading of this report is urged in order that the 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:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED AUGUST 8, 1977 AND ADDITIONAL INFORMATION FILED AS OF JANUARY 20, 1984. DEVELOPER IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL AND SUBMITTING INFORMATION ON THE PROJECT IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY REGIMES ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. Since the issuance of the Commission's Preliminary Public Report on August 26, 1977 and Final Public Report on February 20, 1979, the Developer reports that certain changes have been made in the Project. This Supplementary Public Report (pink paper stock) amends the Preliminary Public Report (yellow paper stock) and Final

Public Report (white paper stock) becoming a part of HAWAIIAN MONARCH registration. The Developer is responsible for placing a true copy of this Supplementary Public Report and updated Disclosure Abstract in the hands of all purchasers and prospective purchasers, along with a copy of the Preliminary and Final Public Reports. The Developer is responsible for securing from each purchaser or prospective purchaser a signed receipt signifying that he has had an opportunity to read all three Reports.

2. The Final Public Report noted that HAWAIIAN MONARCH comprised of leasehold interests in (a) 144 residential apartments, (b) 288 hotel apartments, (c) 6 commercial apartments, (d) a parking apartment, all located in a 44-story building. A verified statement by the Developer indicates that all of the residential apartments have been sold, and the commercial and parking apartments have been conveyed to Hawaiian Monarch Hotel, Inc. which still holds them. The 288 hotel apartments have been conveyed to Haseko Properties, Inc., the Developer.
3. THIS SUPPLEMENTARY PUBLIC REPORT IS ISSUED ONLY WITH RESPECT TO THE SALE OF THE 288 HOTEL APARTMENTS LOCATED ON THE 7TH THROUGH 24TH FLOORS LISTED ON THE FRONT PAGE HEREOF.
4. The Developer submitted to the Commission for examination all documents deemed necessary for the registration of the condominium project and the issuance of this Supplementary Public Report.
5. 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, State of Hawaii, as Document No. 922364, as amended by instruments dated May 25, 1979 filed as Document No. 942019 and June 19, 1979 filed as Document No. 947207.  
  
The Condominium Map has been filed with the Assistant Registrar as Map No. 360.
6. No advertising or promotional materials have been submitted pursuant to the rules and regulations promulgated by the Commission.
7. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A, Hawaii Revised Statutes, as amended, and the condominium rules and regulations which relate to Horizontal Property Regimes.
8. This Supplementary Public Report automatically expires thirteen (13) months after date of issuance, January 26, 1984, unless a further 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 Preliminary Public Report of August 26, 1977 and Final Public Report of February 20, 1979 under the following topical headings has been changed. The Developer reports that all other information in the Preliminary or Final Public Reports remains unchanged.

TAX KEY: 1-2-6-14-32.

ZONING: When built the Project was zoned H-2. The Project is now zoned Apartment Precinct and is located in the Waikiki Special Design District. Since the Project is a nonconforming structure, a variance would be required to rebuild it in the event of a major casualty.

DEVELOPER: Haseko Properties, Inc., a Hawaii corporation whose principal place of business and mailing address is Suite 820, HK Building, 820 Mililani Street, Honolulu, Hawaii 96813. Telephone- 536-3771. The principal officers of the Developer are:

Osamu Kaneko - President  
Toshinobu Kakizawa - Vice President  
Makoto Sakaguchi - Secretary/Treasurer

LIMITED COMMON ELEMENTS:

Commercial Elements: The Declaration, Section 14C, permits the owners of the Commercial, Parking and Hotel Apartments to administer the Commercial Elements directly by agreement among themselves. The developer has advised the Commission that prior to the first conveyance of an Hotel apartment to a purchaser, the developer as owner of the Hotel apartments, Hawaiian Monarch Hotel, Inc. as owner of the Commercial and Parking Apartments and Hawaiian Monarch Partners, a Hawaii limited partnership, will enter into an agreement whereby the Partnership will administer the Commercial Elements and charge the Commercial Expenses to their respective apartment owners.

PURPOSE OF BUILDINGS AND RESTRICTIONS AS TO USE: The form of Deed and Assignment provided by the Developer to the Commission includes the following restriction on the use of the hotel apartments:

Buyer will use the Apartment at all times as a hotel room. If the Apartment is not committed to the hotel operation undertaken by the Partnership, then Buyer will not rent the Apartment for any period of less than one (1) month. If the Buyer rents the Apartment the rental will be made by a written lease and a copy will be given to the Partnership. The purpose of this restriction is to assure that the hotel apartments in the Project and the Partnership shall enjoy the economies of scale and orderliness arising from use of a single hotel operation administered by the Partnership. Any lease or rental agreement of an apartment shall include a promise that the renter will obey the Condominium Documents and the rules and regulations for the Project and if the renter does not keep this promise the lease or rental agreement can be cancelled. These promises of Buyer will affect the Apartment no matter who owns it and

will benefit the Seller, the Partnership and any other buyer of an Apartment and any of them can make Buyer keep these promises.

OWNERSHIP OF TITLE. The Preliminary Report dated September 28, 1983, issued by Title Guaranty of Hawaii, Inc. states that the leasehold hotel apartments are owned by Hawaiian Monarch Hotel, Inc. The Developer has provided to the Commission a Deed and Assignment conveying the hotel apartments to Developer. Title to the land is vested in the Trustees under the Will and of the Estate of Samuel Mills Damon, deceased.

ENCUMBRANCES: The Preliminary Report of Title Guaranty of Hawaii, Inc., dated September 28, 1983, states that the title to the property is subject to the following encumbrances:

1. Real property taxes due and payable, reference is made to Finance Director, City and County of Honolulu.

2. Grant in favor of Hawaiian Electric Company, Inc., dated June 23, 1927, filed as Land Court Document No. 13208; granting a perpetual easement for the maintenance of electric light and power across a strip of land 5 feet wide, along Lot 101.

3. Easements, reservations and covenants contained in Deed dated June 1, 1966, filed as Document No. 393030.

4. Easement "5" (10 feet wide), for sewer purposes along Lot 108, as shown on Map 230, as set forth by Land Court Order No. 27084, filed May 25, 1967.

5. Terms, easements, restrictions, agreements, reservations, covenants, conditions and provisions contained in Condominium Conveyance Document dated May 30, 1979, effective May 31, 1979, filed as Land Court Document No. 942020.

6. Conveyance from Kyo-Ya Company, Ltd. (Lessor/Grantor) to HAWAIIAN MONARCH HOTEL, INC. (Lessee/Grantee) recorded as Land Court Document No. 942020.

7. Unrecorded OPERATING AND MANAGEMENT AGREEMENT dated May 11, 1978, of which a SHORT FORM HOTEL OPERATING AND MANAGEMENT AGREEMENT is also dated May 11, 1978, recorded in Liber 13753 at Page 334, entered into by and between HASEGAWA KOMUTEN (USA), INC., a Hawaii corporation ("Hotel Company"), and PAN PACIFIC HOTELIERS, INC., a Hawaii corporation ("Operating Company"), wherein the Hotel Company and the Operating Company agree that the Operating Company shall operate that certain hotel to be located in Waikiki, Honolulu, City and County of Honolulu, State of Hawaii, known as the Hawaiian Monarch Hotel ("Hotel") consisting of those certain condominium apartments and appurtenant interests in the Hawaiian Monarch Condominium Project described in Exhibit "B" attached thereto and made a part thereof; term expires at the end of the tenth (10th) fiscal year of the Hotel unless sooner terminated or renewed.

The interest of HASEGAWA KOMUTEN (USA), INC., a Hawaii corporation, in the above OPERATING AND MANAGEMENT AGREEMENT was assigned to HAWAIIAN MONARCH HOTEL, INC., a wholly-owned subsidiary of the HASEGAWA KOMUTEN (USA), INC., a Hawaii corporation, by ASSIGNMENT dated May 16, 1979, recorded in Liber 13753 at Page 342.

The interest of HAWAIIAN MONARCH HOTEL, INC., a Hawaii corporation, in the above OPERATING AND MANAGEMENT AGREEMENT was assigned to FIRST HAWAIIAN BANK, a Hawaii corporation, as security for that certain promissory note dated May 31, 1979 in the amount of \$8,500,000.00, by ASSIGNMENT dated May 31, 1979, recorded in Liber 13753 at Page 346.

CONSENT TO ASSIGNMENT AND NON-DISTURBANCE AGREEMENT by PAN PACIFIC HOTELIERS, INC., a Hawaii corporation, by instrument dated ---, recorded in Liber 13753 at Page 361 on June 7, 1979.

(The above not noted on Transfer Certificate of Title NO. 213,445)

8. Provisions set forth in Declaration of Horizontal Property Regime dated January 17, 1979, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 922364, and to the By-Laws attached thereto. (Project covered by Condominium Map No. 360.) Said Declaration was amended by instruments dated May 25, 1979 filed as Document No. 942019; and June 19, 1979, filed as Document No. 947207.

The Developer advises the Commission that the Short Form Operating Agreement will be cancelled effective November 30, 1983 and that as to each apartment conveyed the blanket mortgages will be released or partially released at or prior to closing.

PURCHASE MONEY HANDLING: A copy of the specimen Sales Contract and Subscription Agreement and an executed Escrow Agreement have been submitted as part of the registration. The Escrow Agreement dated October 19, 1983 identifies Title Guaranty Escrow Services, Inc. as the escrow. Upon examination, the specimen Sales Contract and Subscription Agreement and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended, and particularly with Sections 514A-37, 39, 40, 63 through 66.

A prospective purchaser should note that the Sales Contract provides that the Developer may withdraw the offering of Hotel Apartments and cancel the contract at any time until twelve months from the Effective Date of the Prospectus unless 50 Apartments are sold and the sales closed. The Developer may waive this presales requirement.

A prospective purchaser should carefully examine the form of Sales Contract and Subscription Agreement and the Escrow Agreement to determine the time for and the amount of the installment payments on the purchase price and his obligations to pay the closing costs. It is incumbent

upon the purchaser to read and understand the Escrow Agreement before signing the Sales Contract and Subscription Agreement since the Escrow Agreement prescribes the procedure for receiving and disbursing the purchaser's funds.

The Sales contract contains the following provisions which should be of particular note to buyers:

"The Apartment is Sold Without Warranties. I KNOW THAT THE PROJECT WAS FINISHED IN 1979. THE CONTRACTORS WARRANTY PERIOD HAS EXPIRED. THE PROJECT WAS NOT BUILT BY YOU. I UNDERSTAND THAT I AM BUYING THE APARTMENT IN ITS PRESENT CONDITION AND THAT YOU ARE NOT MAKING ANY STATEMENTS OR PROMISES (EXPRESS OR IMPLIED WARRANTIES) TO ME ABOUT THE CONDITION OF THE APARTMENT OR PROJECT. IF THE APARTMENT OR PROJECT HAS DEFECTS I WILL NOT SUE YOU OR THE ORIGINAL DEVELOPER OR MAKE ANY CLAIM AGAINST YOU OR THE ORIGINAL DEVELOPER BECAUSE OF THEM. I AM BUYING THE APARTMENT AND ITS INTEREST IN THE PROJECT "AS IS" WITH ALL DEFECTS BOTH VISIBLE AND HIDDEN.

I AM ALSO AWARE THAT THE PROJECT HAS EXPERIENCED SOME PROBLEMS WITH WATER SEEPAGE ON THE FIRST FLOOR OF THE PROJECT AND FROM THE POOL DECK. CONTRACTORS AND ENGINEERS HAVE BEEN CONSULTED BY YOUR STAFF AND HAVE ESTIMATED THAT CORRECTION OF THESE PROBLEMS WILL COST LESS THAN \$100,000.00. YOU WILL SET ASIDE \$100,000.00 FOR CORRECTION OF WATER SEEPAGE IN THE PROJECT WHICH YOU MAY ADVANCE DIRECTLY TO CONTRACTORS AND ENGINEERS AND OTHER CONSULTANTS OR YOU MAY MAKE THE FUNDS AVAILABLE TO THE ASSOCIATION OF APARTMENT OWNERS IN YOUR SOLE DISCRETION. IF THE CORRECTION OF THE WATER SEEPAGE COSTS LESS THAN \$100,000.00 YOU WILL RETAIN THE BALANCE. YOUR OBLIGATION IS LIMITED TO THE EXPENDITURE OF \$100,000.00 EVEN IF THIS PROVES INSUFFICIENT TO CURE THE PROBLEMS. I PROMISE NOT TO CLAIM ANY MORE AND NOT TO SUE YOU OR THE ORIGINAL DEVELOPER OR JOIN WITH OTHER APARTMENT OWNERS OR THE ASSOCIATION TO SUE YOU OR THE ORIGINAL DEVELOPER BECAUSE OF THE WATER SEEPAGE OR ANY OTHER PROBLEMS WHICH IT MAY CAUSE. I UNDERSTAND YOUR PROMISE TO SPEND UP TO \$100,000.00 IS MADE IN EXCHANGE FOR MY PROMISE THAT YOU WILL NOT HAVE TO SPEND MORE AND MY PROMISE NOT TO SUE.

Fire Safety Ordinance. I am aware that the City and County of Honolulu has passed an ordinance which will require hotel projects like Hawaiian Monarch to

install fire sprinklers and other fire safety devices. Out of the sales proceeds of my hotel apartment you will set aside in a trust at the closing of this sale a sprinkler fund in the amount of \$1,371.50. The trustee will invest these funds together with the funds held for the benefit of all other purchasers of hotel apartments in a sprinkler fund until the Association of Apartment Owners of Hawaiian Monarch makes arrangements to comply with the sprinkler ordinance. The trustee will use the sprinkler fund to the extent of the funds available to pay any assessments or special assessments which the Association makes against the hotel apartments to pay the cost of improvements to comply with the sprinkler ordinance. If at the end of two years after the end of the period for complying with the ordinance and any extensions of the period there is any money left in the sprinkler fund it will be divided among the owners of hotel apartments equally. The Trust Agreement for the sprinkler fund has been made available for my review and I approve it."

MANAGEMENT AND OPERATION: The Developer has provided to the Commission a copy of the Property Management Agreement dated July 25, 1983 between the Association of Apartment Owners of Hawaiian Monarch and Realty Pacific, Inc., as Managing Agent.

STATUS OF PROJECT: Construction of the Project was completed in 1979 and Developer has provided to the Commission a copy of the Certificate of Occupancy for the Project.

NOTE: The Developer is seeking registration with the Securities and Exchange Commission of an arrangement to operate the Project as a condominium hotel with the intention that owners of the hotel apartments may join and become limited partners in the Partnership. A Hotel Management Contract will be executed by the Partnership and a hotel operator to provide for the operation of those hotel apartments committed to the Partnership in a commercial hotel operation. It is the present intention of the Developer to lease or transfer portions of the Commercial Apartments to the Partnership to facilitate hotel management.

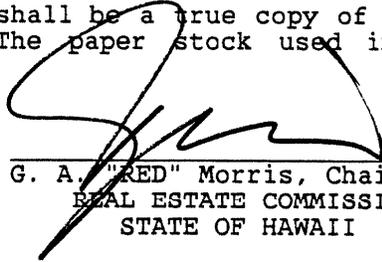
All prospective purchasers whether or not they intend to participate in the hotel operation are advised to carefully review the prospectus which describes the voluntary hotel operation and other important aspects of the Hawaiian Monarch.

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The purchaser and 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 August 8, 1977 and additional information filed as of January 20, 1984.

This SUPPLEMENTARY HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 929 filed with the Commission on August 8, 1977.

The report when reproduced, shall be a true copy of the Commission's Public Report. The paper stock used in making facsimiles must be pink.



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G. A. "RED" Morris, Chairman  
REAL ESTATE COMMISSION  
STATE OF HAWAII

Distribution:

DEPARTMENT OF FINANCE,  
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DEPARTMENT OF LAND UTILIZATION  
CITY AND COUNTY OF HONOLULU  
ESCROW AGENT  
FEDERAL HOUSING ADMINISTRATION  
BUREAU OF CONVEYANCE

REGISTRATION NO. 929

January 26, 1984.

HAWAIIAN MONARCH DISCLOSURE ABSTRACT

The Project: Hawaiian Monarch  
444 Niu Street  
Honolulu, Hawaii

Developer: Haseko Properties, Inc.  
Suite 820 HK Building  
820 Mililani Street  
Honolulu, Hawaii 96813

Sales Agent: Haseko Realty, Inc.  
820 Mililani Street, Suite 701  
Honolulu, Hawaii 96813

Project Manager: Realty Pacific, Inc.  
Suite 503  
770 Kapiolani Bldg.  
Honolulu, Hawaii 96813

Attached is a breakdown of the annual maintenance fees for the 288 hotel apartments (by unit type), prepared by the Project Manager as of December 29, 1983. The maintenance assessments cover the common expenses (as these terms are defined in the Declaration of Horizontal Property Regime and Bylaws for the Hawaiian Monarch). The purchaser should be aware that (1) the Project includes in addition to the 288 hotel apartments, 144 residential apartments, six commercial apartments, and a parkapartment, and that (2) the amount of maintenance assessment for each hotel apartment is determined by the Board of Directors of the Association of Apartment Owners for the Project according to what expenses (or portions thereof) constitute common expenses and commercial expenses (which must be paid by the hotel, commercial and parking apartment owners) and which expenses constitute residential expenses (which will not be paid by the commercial apartment owners). Utility costs and insurance premiums are broken down in accordance with the estimated usage of utility services and the estimated allocation of insurance premiums for (i) the Commercial, Parking and Hotel Apartments and commercial elements (2) the Residential Apartments and residential elements (3) the common elements. The budget for the common expenses (exclusive of residential and commercial expenses) and residential expenses is based on the estimated actual usage of materials and services for the common elements and residential elements of the Project. The budget does not include the commercial expenses (except for utility costs and insurance premiums) since the commercial elements are administered by the Owners of the Commercial, Parking and Hotel Apartments. The Purchaser should carefully examine the Declaration (Paragraph 14) and the Bylaws, Article VI, Section 1(c) and Article VII, Section 8 for an understanding of his rights and the procedures for objection to the Board's classification and allocation of expenses as common, residential or commercial expenses.

Since the Association of Apartment Owners has been formed and in operation since 1979 the Developer does not control the Association or its budget. Such variables as inflation, uninsured casualty loss or damages, increased or decreased services from those currently provided by the Association, apartment owner delinquencies, and other factors may also cause the maintenance assessments to be greater or lesser than the current maintenance assessments. The attached breakdown of the estimated costs for each apartment does not include the Purchaser's obligations for the payment of lease rent and real property taxes. The lease rent for the fixed rental periods is specified in the sales contract. Current tax assessments will be provided by the Sales Agent upon request.

All 288 hotel apartments in the Project will be used as hotel rooms and for any other purpose permitted by all applicable laws not inconsistent with a first-class hotel operation. Leases of less than one month are prohibited.

The Project was completed in 1979 and Haseko Properties, Inc. was not the developer of the Project. The one-year warranty period from the general contractor has expired so that no warranties are available. The sales contract contains the following disclaimer of warranties.

15. The Apartment is Sold Without Warranties. I KNOW THAT THE PROJECT WAS FINISHED IN 1979. THE CONTRACTOR'S WARRANTY PERIOD HAS EXPIRED. THE PROJECT WAS NOT BUILT BY YOU. I UNDERSTAND THAT I AM BUYING THE APARTMENT IN ITS PRESENT CONDITION AND THAT YOU ARE NOT MAKING ANY STATEMENTS OR PROMISES (EXPRESS OR IMPLIED WARRANTIES) TO ME ABOUT THE CONDITION OF THE APARTMENT OR PROJECT. IF THE APARTMENT OR PROJECT HAS DEFECTS I WILL NOT SUE YOU OR MAKE ANY CLAIM AGAINST YOU BECAUSE OF THEM. I AM BUYING THE APARTMENT AND ITS INTEREST IN THE PROJECT "AS IS" WITH ALL DEFECTS BOTH VISIBLE AND HIDDEN.

HOTEL/CONDOMINIUM MAINTENANCE FEES

ANNUAL

MAINTENANCE FEES.....	<u>\$389,600</u>
Building	
Elevator Service.....	16,000
Paging Equipment.....	734
Muzak System.....	449
Refuse Collection.....	5,040
Pest Control.....	4,800
Grounds Upkeep.....	1,727
Security.....	30,011
Maintenance.....	12,955
Utilities (1).....	230,018
Administration	
Management Fee.....	8,636
Manager.....	6,909
Accounting.....	8,636
Other	
Liability Insurance.....	24,000
Master Association Fees (2).....	<u>39,685</u>
TOTAL EXPENSES.....	<u>\$389,600</u>

(1) Includes Television Cable of \$10,404.

(2) Overall building common area.

<u>FLOOR</u>	<u>APT.</u>	<u>APT.</u>	<u>PERCENTAGE</u>	<u>PERCENTAGE</u>	<u>MAINTENANCE</u>
<u>APT TYPE</u>	<u>TYPE</u>	<u>NO.</u>	<u>COMMON</u>	<u>COMMERCIAL</u>	<u>FEE</u>
			<u>INTEREST</u>	<u>INTEREST(1)</u>	
7th thru 24(except 715, 716)	P	01 09 16	0.1417	0.2688	\$121.26
	Q	02 07 10 15	0.1221	0.2314	\$104.39
	R	03 06 11 14	0.1352	0.2564	\$115.67
	S	04 05 12 13	0.1293	0.2450	\$110.52
	T	08	0.1397	0.2648	\$119.45
7th	U	15	0.1091	0.2066	\$ 93.20
7th	V	16	0.1161	0.2201	\$ 99.29

(1) Used to compute commercial expenses common solely to the Commercial Apartments, the Parking Apartment, and the Hotel Apartments.