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
PALEHUA GARDENS, PHASE III
Makakilo Drive
Ewa Beach, Hawaii

REGISTRATION NO. 934

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 5, 1977
Expires: November 5, 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 ON SEPTEMBER 28, 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. PALEHUA GARDENS, Phases I, II, III and IV, is a fee simple condominium project consisting of twenty-two (22) two-story multi-family residential buildings containing ninety-nine (99) residential units, of which ninety-eight (98) will be condominium apartments

and one (1) will be the resident manager's apartment and a part of the common elements. There will be one hundred ninety-eight (198) parking stalls provided in the parking areas.

2. The developer is developing and selling this project in four phases. This Preliminary Public Report, while describing the entire condominium project, covers only the sale of apartments in Phase III, to be known as PALEHUA GARDENS, PHASE III. Phase III shall consist of twenty-two (22) units, all of which shall be contained in five (5) buildings, and forty-four (44) parking stalls.

3. The Developer of the project has submitted to the Commission for examination all documents deemed necessary for the registration of a condominium project and issuance of this Preliminary Public Report. The Developer is held responsible for placing this Preliminary Public Report (yellow paper stock) in the hands of all purchasers and prospective purchasers. Securing a signed copy of the receipt for the Horizontal Property Regime Public Report from each purchaser and prospective purchaser is also the responsibility of the Developer.

4. The Declaration of Horizontal Property Regime of Palehua Gardens, with Bylaws of Association of Apartment Owners of Palehua Gardens attached have been filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 837298. Condominium Map 314 has been assigned to the floor plans of the project which have been filed.

5. No advertising and promotional matter has been submitted to the Commission.

6. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514, Hawaii Revised Statutes, and the Rules and Regulations which relate to Horizontal Property Regimes.

7. This Preliminary Public Report automatically expires thirteen (13) months after date of issuance, October 5, 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: PALEHUA GARDENS, Phase III

LOCATION: The land, consisting of one (1) parcel containing 12.898 acres, is situate at Makakilo Drive, Ewa Beach, Hawaii, being further described as Lot 2556, as shown on Map 261 filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii with Land Court Application No. 1069, being a portion of the land covered by Transfer Certificate of Title No. 193,853 issued to the Developer.

TAX KEY: 9-2-19-25

ZONING: Planned Development-Housing (PD-H), portion of District No. R-40B, under Ordinance No. 4271 of the City and County of Honolulu, approved January 23, 1974.

DEVELOPER: Finance Realty Company, Limited, a Hawaii corporation, whose principal place of business and post office address is 195 South King Street, Honolulu, Hawaii 96813 (telephone: 548-3347), is the Developer of this project. The officers of the Developer are:

Mun On Chun	President
Journ T. Yee	Vice President
Daniel B. T. Lau	Vice President & Secretary
Clifford H. N. Yee	Vice President
Jerold Y. K. Chun	Vice President & Treasurer
Wendell K. Pang	Vice President

ATTORNEY REPRESENTING DEVELOPER: Wendell K. Pang, 195 South King Street, Honolulu, Hawaii (Telephone: 548-3356).

DESCRIPTION: The Developer is contemplating the development of a single condominium project which is scheduled to be constructed and sold in four phases, designated as Phases I, II, III and IV.

Phase III shall consist of twenty-two (22) apartments contained in five (5) buildings, being Buildings 92-1017, 92-1019, 92-1021, 92-1023 and 92-1025 and the parking spaces appurtenant thereto as designated in the Declaration.

The apartments will be constructed principally of wood. Division walls will be principally of double stud wall construction with acoustical insulation. Ground floors are of concrete slab construction. The apartments shall be of eight types, designated as Type E, Type E-1, Type F, Type G, Type G-1, Type H, Type H-1 and Type J, described below. In Phase III, there are apartments of the following types: Type E, Type E-1, Type F, Type H, Type H-1 and Type J.

Type E - The Type E apartment is a ground level apartment which contains an entry hall, storage closet, kitchen, living room-dining area, and a half bathroom with laundry facilities on the first floor,

three bedrooms, one full bathroom, and a linen closet on the second floor, an interior stairway connecting both floors and an enclosed exterior storage area at the rear of the apartment. A fenced yard area shown on said Condominium Map at the rear of the apartment is a limited common element. The apartment contains an approximate gross floor area of 1,160 square feet, including the exterior storage area.

Type E-1 - The Type E-1 apartment is a ground-level apartment which contains an entry hall, storage closet, kitchen with laundry facilities, living room-dining area, one bedroom and one full bathroom on the first floor, three bedrooms, one full bathroom and a linen closet on the second floor, an interior stairway connecting both floors and an enclosed exterior storage area at the rear of the apartment. A fenced yard area shown on said Condominium Map at the rear and side of the apartment is a limited common element. The apartment contains an approximate gross floor area of 1,339 square feet, including the exterior storage area.

Type F - The Type F apartment is a ground-level apartment that contains a living room-dining area, kitchen, half bathroom with laundry facilities, storage closet and concrete patio on the first floor, three bedrooms, one full bathroom and a linen closet on the second floor, an interior stairway connecting both floors and an enclosed exterior storage area at the rear of the apartment. An open yard area bordered by header boards as shown on said Condominium Map at the rear of the apartment is a limited common element. The apartment contains an approximate gross floor area of 1,347 square feet, including the concrete patio and exterior storage area.

Type G - The Type G apartment is a split-level apartment which contains an entry at ground level, three bedrooms, one full bath, a linen closet, a coat closet and laundry facilities on the first floor, a kitchen, living room-dining area, a half bathroom and a wood deck on the

second floor, an interior stairway connecting both floors, and an enclosed exterior storage area at the front of the apartment. A partially fenced courtyard shown on said Condominium Map at the front of the apartment is a limited common element. The apartment contains an approximate gross floor area of 1,361 square feet, including the wood deck and exterior storage area.

Type G-1 - The Type G-1 apartment is a split-level apartment which contains an entry at ground level, four bedrooms, two full bathrooms, a linen closet, a coat closet and laundry facilities on the first floor, a kitchen, living room-dining room, a half bathroom and a wood deck on the second floor, an interior stairway connecting both floors, and an enclosed exterior storage area at the front of the apartment. A partially fenced courtyard shown on said Condominium Map at the front of the apartment is a limited common element. The apartment contains an approximate gross floor area of 1,576 square feet, including the wood deck and exterior storage area.

Type H - The Type H apartment is a split-level apartment which contains an entry at ground level, kitchen, living room-dining area, a half bathroom, laundry facilities, storage closet and wood deck on the first floor, three bedrooms, one full bathroom, linen closet and coat closet on the second floor, an interior stairway connecting both floors, and an enclosed exterior storage area at the front of the apartment. A partially fenced courtyard shown on said Condominium Map at the front of the apartment is a limited common element. The apartment contains an approximate gross floor area of 1,411 square feet, including the wood deck and exterior storage area.

Type H-1 - The Type H-1 apartment is a split-level apartment which contains an entry at ground level, kitchen, living room-dining area, one bedroom, one full bathroom, laundry facilities, two storage closets and wood deck on the first floor,

three bedrooms, one full bathroom, linen closet and coat closet on the second floor, an interior stairway connecting both floors and an enclosed exterior storage area at the front of the apartment. A partially fenced courtyard shown on said Condominium Map at the front of the apartment is a limited common element. The apartment contains an approximate gross floor area of 1,619 square feet, including the wood decks and exterior storage area.

Type J - The Type J apartment is a ground-level apartment which contains an entry hall, kitchen, living room-dining area and storage closet on the first floor, two bedrooms, one full bathroom, laundry facilities and linen closet on the second floor, an interior stairway connecting both floors, and an enclosed exterior storage area at the rear of the apartment. A fenced yard area shown on said Condominium Map at the rear of the apartment is a limited common element. The apartment contains an approximate gross floor area of 897 square feet, including the exterior storage area.

Apartment types designated with "R" after the apartment type are reverse types of such model.

Type F apartment has immediate access to front and rear entries appurtenant to such apartment. Types E, E-1, G, G-1, H, H-1 and J apartments have immediate access only to the front entry appurtenant to such apartment. All apartments have immediate access to walkways connecting the buildings to the street entrances and parking area of the project.

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls, the floors and ceilings surrounding each apartment or any pipes, wires, conduits or other utility or service lines running through such apartment, which are utilized for or serve any other apartment, the same being deemed common elements as hereinafter provided. 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, all fixtures originally installed therein, and the enclosed exterior storage area at the front or rear of the apartment and any concrete patio or wood deck.

NOTE: The Declaration reserves the right to the Developer to amend the Declaration at any time prior to June 30, 1979 without the consent of any apartment owner or the Association of Apartment Owners or any other person holding an interest in any apartment of the project for the purpose of merging phases of the project, thereby causing as of the effective date of such amendment all apartments in the phases merged to constitute a part of the project and all owners of apartments in the phases merged to constitute one association of apartment owners, provided, however, that the Declaration may not be so amended and the phases may not be so merged without prior written approval by the VA Loan Guaranty Officer or his designee, as the case may be.

COMMON ELEMENTS: The Declaration of Horizontal Property Regime states that the common elements shall include (a) the land; (b) Apartment No. 23, located in Building 92-975 for the use of the resident manager; (c) Parking Stalls Nos. 43 and 44, which shall be appurtenant to Apartment No. 23, and Parking Stall Nos. 59, 60 and 61 for guest parking; (d) the recreation area as shown on the Condominium Map; (e) all foundations, floor supports, retaining walls, fences, columns, supports, unfinished perimeter walls and load-bearing walls, and roofs of the residential buildings; (f) all yards, grounds and landscaping, walkways, service parking areas, parking areas and driveways, the recreational facilities, consisting of a paved area with one basketbacll backboard, and all refuse facilities; (g) all ducts, electrical equipment, wiring, pipes and other central and appurtenant transmission facilities and installations over, under and across the project which serve more than one apartment for services such as power, light, water, sewer, telephone and radio and television signal distribution; (h) any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

LIMITED COMMON ELEMENTS: The Declaration provides that certain parts of the common elements, called and designated as limited common elements, shall be for the exclusive use and enjoyment of certain apartments, as follows: (a) the partially fenced, open-air courtyard adjoining the front of each Type G, G-1, H and H-1 apartment, and the front entry to such courtyard, as shown on said Condominium Map, shall be appurtenant to and for the exclusive use of each such apartment; (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; (c) each apartment shall have appurtenant thereto an exclusive right to use the parking stall(s) assigned to such apartment as hereinabove set forth; provided, however, that each apartment shall have at least one parking stall appurtenant to it but otherwise

any parking stall may be conveyed and made appurtenant to another apartment by a written instrument which expressly identifies the apartment to which the parking stall is appurtenant as well as the apartment to which the parking stall will become appurtenant, which written instrument shall also be denominated an amendment of the Declaration, shall be executed by the owner of each apartment affected, with the consent of the mortgagee, if any, of each apartment affected, and shall be effective upon the filing of the instrument in the Office of the Assistant Registrar of the Land Court of the State of Hawaii. A copy of said instrument, together with the filing data, shall be given to the Association by the affected apartment owners within 15 days of the filing thereof; (d) all other common elements of the project which are rationally related to less than all of said apartments or buildings shall be limited to the use of such apartments or buildings.

EASEMENTS: The Declaration provides that the apartments and common elements shall have and be subject to the following easements: (a) each apartment shall have appurtenant thereto nonexclusive easements in the common elements designed for such purposes for ingress to, egress from, utility services for and support of such apartment; in the other common elements for use according to their respective purposes, subject always to the exclusive or limited use of the limited common elements as herein provided and in all other apartments of its building for support; (b) the exception and reservation unto the Owners, its successors and assigns, of easements for electrical, gas, communications and other utility or recreational or walkway purposes and for sewer, drainage and water facilities over, under, along, across and through said land, together with the right to grant to the State of Hawaii, City and County of Honolulu, Board of Water Supply of the City and County of Honolulu or any other appropriate governmental agency or public utility, or to any other individual, corporation or association, easements for such purposes over, under, across, along and through said land under the usual terms and conditions required by the grantee for such easement rights; provided, however, that such easement rights must be exercised in such manner as not unreasonably to interfere with the use of said land by the Apartment Owners, their successors and assigns, and in connection with the installation, maintenance or repair of any facilities pursuant to any of said easements said land shall be promptly restored by and at the expense of the person owning and exercising such easement rights to the condition of said land immediately prior to the exercise thereof, and each Apartment Owner, by purchasing an apartment in this project, agrees that such Apartment Owner and any person claiming an interest in said land by, through or under such Apartment Owner will, upon request, join in and execute any and all documents designating and granting any such easements; (c) if any part of the common elements

encroaches upon any apartment or limited common element, a valid easement for such encroachment and the maintenance thereof, so long as it continues, shall and does exist. In the event any buildings of the project shall be partially or totally destroyed and then rebuilt, minor encroachments of any parts of the common elements due to construction shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist; (d) the Association of Apartment Owners of the project shall have the right, to be exercised by its Board of Directors or Managing Agent, to enter any apartments and limited common elements from time to time during reasonable hours as may be necessary for the operation of the project or for making emergency repairs therein required to prevent damage to any apartments or common elements or for the installation, repair or replacement of any common elements; (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; (f) the Developers reserve to itself, its successors and assigns, until June 30, 1979 or until such time as all of the improvements for the project have been completed in accordance with the plans filed as aforesaid as said Condominium Map, whichever shall first occur, the following rights:

(i) An easement over, under and across the common elements of the project, both general and limited, for the purpose of all work connected with or incidental to the development, construction and sale of the project or any part thereof or any apartment or interest therein.

(ii) The right, appurtenant to the undeveloped portions of the land, in the nature of an easement over and upon any other portion of the land, to create and cause dust, noise, vibration and other nuisances created by and resulting from any work connected with or incidental to the development, construction and sale of the project or any part thereof or any apartment therein in said undeveloped portions of said land.

INTEREST TO BE CONVEYED TO PURCHASER. The undivided interest in the common elements appertaining to each of the eight types of apartments and their owners for all purposes, including voting, is as follows:

Apartment Number	Type	Percentage Interest
11, 12, 13, 14, 24, 25, 28, 29, 48, 49, 50, 51, 65, 68, 69, 70, 71, 85, 86, 87, 89, 90, 92, 93, 94, 95, 96, 97	E	.955
10, 15, 47, 52, 64, 84, 88, 91	E-1	1.102
72, 73, 74, 75, 76	F	.955
31, 32, 33, 34, 35, 36, 37, 78, 79, 81, 82, 83	G	1.025
30, 38, 77, 80	G-1	1.203
2, 3, 4, 7, 8, 17, 18, 19, 20, 40, 41, 43, 44, 45, 46, 56, 57, 58, 59, 60, 61, 62	H	1.068
1, 5, 6, 9, 16, 21, 39, 42, 55, 63	H-1	1.241
22, 26, 27, 53, 54, 66, 67, 98, 99	J	.739

COMMON EXPENSES: The proposed Declaration provides that all charges, costs and expenses whatsoever incurred by the Association for or in connection with the administration of the project, including without limitation the operation thereof, any maintenance, repair, replacement and restoration of the common elements and any additions and alterations thereto, any labor, services, materials, supplies and equipment therefor, any liability whatsoever for loss or damage arising out of or in connection with the common elements or any accident, fire or nuisance thereon, and any premiums for hazard and liability insurance herein required with respect to the project shall constitute common expenses of the

project for which all apartment owners shall be severally liable in proportion to their respective common interests. Real property taxes and special assessments referred to in Section 514-23, Hawaii Revised Statutes, as amended, shall not be common expenses of the horizontal property regime hereby created and no payments thereof shall be payments of such common expenses. The Board of Directors of the Association (herein called the "Board") shall from time to time assess the common expenses against all the apartments in their respective proportionate shares, and the unpaid amount of such assessments against any apartment shall constitute a lien against such apartment which may be foreclosed by the Board or Managing Agent as provided by said Horizontal Property Act, provided that 30 days' prior written notice of intention to foreclose shall be mailed, postage prepaid, to the apartment owner and all other persons having any interest in such apartment as shown in the Association's record of ownership. Notwithstanding anything to the contrary, however, until the completion and merger of a phase of the project with another phase, each apartment owner in each phase of the project shall be severally liable for common expenses attributable to such phase in the proportion that the common interest appurtenant to such apartment bears to the total of the common interests appurtenant to all apartments in such phase as determined by the Managing Agent in accordance with Paragraph C of the Declaration; provided, however, that when a phase of the project is merged with another phase or other phases which have previously been merged, each apartment owner in the phases which have been merged shall be severally liable for common expenses attributable to such merged phases in the proportion that the common interest appurtenant to such apartment bears to the total of the common interests appurtenant to all apartments in such merged phases as determined by the Managing Agent in accordance with Paragraph C; provided, further, that such common expenses attributable to any undeveloped phase of the project or any phase in the process of being developed, to the extent that any apartments in such phase have not been conveyed to a purchaser thereof, shall be borne by the Owner until the completion and merger of such phase as herein provided, and until the purchasers of apartments within such phase assume responsibility with respect thereto.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The Declaration provides that the building shall at all times be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests, and for no other purpose. Notwithstanding anything to the contrary, however, Developer reserves the right to itself, its successors and assigns, until June 30, 1979 or until such time as the total condominium project is developed in accordance with said Condominium Map and all apartments therein have been sold, whichever shall first occur, to erect signs in the project and to use apartments as sales

offices and as models for display to the public pursuant to the sales of apartments in this project and other projects of Developer. The apartments shall not be rented for transient or hotel purposes, which are defined as (a) rental for any period less than 30 days, or (b) any rental in which the occupants of the apartment are provided customary hotel services such as room service for food and beverage, maid service, laundry and linen or bellboy service. Except for such transient or hotel purposes the owners of the respective apartments shall have the absolute right to lease such apartments subject to all provisions of the Declaration.

OWNERSHIP TO TITLE: The fee simple title to the land is vested in the Developer.

ENCUMBRANCES AGAINST TITLE: A Lien Letter Report prepared by Security Title Corporation, dated November 17, 1975 and updated by Continuation Reports dated June 29, 1976, May 5, 1977 and August 30, 1977 shows that the land is subject to the following encumbrances:

1. For any taxes that are due and owing and a lien on the land, reference is hereby made to the Office of the Tax Assessor, First Division.

2. Development Rights dated May 5, 1966, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 391241, made by and between Alan S. Davis, M. L. Randolph and George M. Collins, Trustees under the Will and of the Estate of James Campbell, Deceased, and Finance Realty Co., Ltd., a Hawaii corporation.

3. Mortgage dated July 13, 1972, filed in said Office of the Assistant Registrar as Document No. 589482, made by Finance Realty Co., Ltd., a Hawaii corporation, as Mortgagor, to Bank of Hawaii, a Hawaii corporation, as Mortgagee, to secure the repayment of the sum of $4,700,000, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor therein referred to (also affects other property). Consent thereto filed as Document No. 589483.

4. Additional Charge Mortgage dated November 14, 1974, filed in said Office of the Assistant Registrar as Document No. 703186, made by Finance Realty Co., Ltd., a Hawaii corporation, as Mortgagor, to Bank of Hawaii, a Hawaii corporation, as Mortgagee, to secure the repayment of the additional loan of $4,300,000, together with interest thereon in accordance with the terms

of the promissory note therein referred to. Consent thereto filed as Document No. 703187. This is an additional charge mortgage to the foregoing mortgage.

5. Second Additional Charge Mortgage dated May 13, 1976, filed in said Office of the Assistant Registrar as Document No. 766717, made by Finance Realty Co., Ltd., as Mortgagor, to Bank of Hawaii, as Mortgagee, to secure the repayment of the additional loan of $1,500,000.00, together with interest thereon in accordance with the terms of the promissory note therein referred to. Consent thereto filed as Document No. 766718. This is an additional charge mortgage to the foregoing mortgage.

6. Undated Financing Statement recorded on May 28, 1976 in the Bureau of Conveyances in Book 11441, at Page 7.

7. Designation of Easements 820 through 828 affecting Lot 2556 as set forth by Land Court Order No. 44241 filed April 15, 1976.

8. By instrument dated January 12, 1977, filed in said Office of the Assistant Registrar as Document No. 801573, the Development Rights, Mortgage and Additional Charge Mortgages described above were amended.

9. 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.

10. 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.

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

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

13. 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.

PLANNED DEVELOPMENT-HOUSING: This project has been zoned as Planned Development-Housing (PD-H) District No. R-40B pursuant to Ordinance No. 4271 of the City and County of Honolulu approved January 23, 1974. In accordance with said Ordinance it has been necessary to incorporate all of the conditions set forth therein as part of the restrictive covenants running with the land and made a part of any sales agreement with any future owners. Therefore, Paragraph Q of the Declaration, which so incorporates those restrictive covenants provides as follows:

> Q. PLANNED DEVELOPMENT-HOUSING. The project has been zoned as Planned Development-Housing (PD-H) District No. R-40B pursuant to Ordinance No. 4271 of the City and County of Honolulu approved January 23, 1974. Unless and until they are repealed or otherwise superseded or amended, the provisions of Ordinance No. 4271 and the restrictive covenants therein, shall constitute covenants running with the land which shall inure to the benefit of the City and County of Honolulu and its successors and shall be binding upon all who now or hereafter may own or occupy any interest in the project; provided, however, that if any such provision or restrictive covenant is repealed or otherwise superseded, it shall automatically cease to operate as a covenant running with the land; and provided further, however, that if any such provision or restrictive covenant is amended, it shall thereafter operate as a covenant running with the land only in its amended form.

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS. This project is part of a planned community development known as the Palehua Community, which the Developer is developing upon certain real property situate at Honouliuli, District of Ewa, City and County of Honolulu, State of Hawaii. All of the real property which is part of the project shall be held, sold, encumbered, leased, occupied, and improved subject to the covenants, conditions, restrictions, limitations, reservations and easements contained in and established by that certain Declaration of Covenants, Conditions and Restrictions of the Palehua Community, dated January 14, 1977, and filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 801577, as the same may be amended from time to time as provided therein, which covenants, conditions, restrictions, limitations, reservations and easements shall run with the land and inure to the benefit of the Developer, the parties thereto, the Palehua Community Association, and each owner thereof or of any part thereof, and each successor in interest of such owner. A copy has been filed with the Real Estate Commission.

USE OF ADDITIONAL RECREATIONAL FACILITIES. All apartment owners will have the right to use recreational facilities in the Palehua Community in the vicinity of the project and to be designated by the Developer, subject to the obligation on the part of all apartment owners to pay for the maintenance of such facilities in a fair and equitable manner with the other persons entitled to the use thereof and subject to the reasonable rules and regulations.

PURCHASE MONEY HANDLING: A copy of the Escrow Agreement applicable to this project, effective May 16, 1977, entitled Escrow Agreement for Palehua Gardens (Amended), hereinafter called "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 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 shall be subject and subordinate to the lien of any mortgage to a lending institution, and to all advances, modifications, 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 Escrow Agreement. The 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 project has commenced and that completion of Phase III is scheduled for December 31, 1977.

The purchaser or prospective purchaser shall be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of Intention submitted September 28, 1977, and information subsequently filed as of September 30, 1977.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 934 filed with the Commission on September 28, 1977.

The report, when reproduced, shall be a true copy of the Commission's public report. The paper stock must be yellow in color.

Mary V. Davis for
AH KAU YOUNG, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:
- Department of Taxation
- Bureau of Conveyances
- Planning Department, City and County of Honolulu
- Federal Housing Administration
- Escrow Agent

REGISTRATION NO. 934

October 5, 1977