

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
COUNTRY CLUB VILLAS
78-6920 Alii Drive
Keauhou-Kona, Hawaii
REGISTRATION NO. 948

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: December 8, 1977
Expires: January 8, 1979

SPECIAL ATTENTION

A comprehensive reading of the 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:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED NOVEMBER 3, 1977, AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED WITH THE COMMISSION AS OF DECEMBER 5, 1977. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF HIS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT SET FORTH IN CHAPTER 514, HAWAII REVISED STATUTES.

1. COUNTRY CLUB VILLAS is a proposed fee simple condominium project consisting of a single three-story building with the South end thereof being only two stories and comprised of sixty-seven (67) units. There will be a

total of no less than sixty-seven (67) and no more than ninety-five (95) parking stalls located on the premises. Each apartment will have appurtenant to it one (1) parking stall. The Developer reserves the right to build up to twenty-eight (28) extra parking stalls and to sell the same to any apartment owner or owners.

2. 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.

3. This Preliminary Public Report is made a part of the registration of the COUNTRY CLUB VILLAS condominium project. The Developer is responsible for placing this Preliminary Public Report (yellow paper stock) in the hands of all purchasers and prospective purchasers and for securing a signed copy of the Receipt for Horizontal Property Regime Report from each purchaser and prospective purchaser.

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

5. Advertising and promotional matter has not as yet been submitted pursuant to the rules and regulations promulgated by the Commission.

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

7. This Preliminary Public Report automatically expires thirteen (13) months after date of issuance, December 8, 1977, unless a Final or Supplementary Public Report is issued or the Commission, upon review of the registration, issues an order extending the effective period of this report.

NAME OF PROJECT: COUNTRY CLUB VILLAS

LOCATION: The project will be located on a 3.390 acre parcel situated on Alii Drive in Keauhou-Kona, Hawaii.

TAX MAP KEY: 7-8-10-46

ZONING: RM-2

DEVELOPER: KHP, Inc., a Hawaii corporation, whose post office address is P. O. Box 1806, Kailua-Kona, Hawaii, 96740, and whose telephone number is 329-3511.

ATTORNEY REPRESENTING DEVELOPER: Law Offices of Reuben S. F. Wong, Suite 1630, Pacific Trade Center, 190 South King Street, Honolulu, Hawaii, 96813. (Attention: Reuben S. F. Wong)
Phone: 531-3526

DESCRIPTION: The proposed improvements to be constructed will consist of a single three-story building (the South end thereof will have only two stories) comprised of sixty-seven (67) units, together with parking facilities. Said structure will be constructed principally of concrete floor slabs supported on a steel structure, metal studs and gypsum board walls, concrete block walls with plaster, wood trim, wood roof structure, glass, aluminum and related building materials.

According to the proposed Declaration of Horizontal Property Regime submitted by the Developer there will be six (6) types of apartments: "Fairway End", "Fairway", "Bridge End", "Bridge", "Loft End" and "Loft". The apartments on each floor are numbered in ascending order from the southeast to the northwest, except there is no apartment on any floor designated with the number "13". The following chart lists the location and apartment number of each type of apartment:

<u>FLOOR</u>	<u>APARTMENT NUMBER</u>	<u>APARTMENT TYPE</u>	<u>GROSS AREA (INCLUDING LANAI) OF EACH APARTMENT</u>
Ground	101, 125	Fairway End	1,469 sq. ft.
	102-107	Fairway	1,321 sq. ft.
	109-112	Fairway	1,321 sq. ft.
	115-120	Fairway	1,321 sq. ft.
	122-124	Fairway	1,321 sq. ft.
2nd	301	Loft End	1,508 sq. ft.
	302	Loft	1,360 sq. ft.
	203-212	Bridge	1,199 sq. ft.
	214-224	Bridge	1,199 sq. ft.
	225	Bridge End	1,343 sq. ft.
3rd	303-312	Loft	1,360 sq. ft.
	314-324	Loft	1,360 sq. ft.
	325	Loft End	1,508 sq. ft.

The Apartment Types referred to above are more particularly described as follows:

(a) Fairway End. Each Fairway End apartment has one (1) floor and contains six (6) rooms, an enclosed floor area of approximately 1,200 square feet, two lanais totalling approximately 269 square feet, all as shown on the proposed condominium map and consists of:

Kitchen
Living/Dining Room-Den
Two Bedrooms
Two Bathrooms

(b) Fairway. Each Fairway apartment has one (1) floor and contains six (6) rooms, an enclosed floor area of approximately 1,093 square feet, a lanai of approximately 228 square feet, all as shown on the proposed condominium map and consists of:

Kitchen
Living/Dining Room
Two Bedrooms
Two Bathrooms

(c) Bridge End. Each Bridge End apartment has one (1) floor and contains six (6) rooms, an enclosed floor area of approximately 1,200 square feet, two lanais, totalling approximately 143 square feet, as shown on the proposed condominium map, and consists of:

Kitchen
Living/Dining Room
Two Bedrooms
Two Bathrooms

(d) Bridge. Each Bridge apartment has one (1) floor and contains six (6) rooms, an enclosed floor area of approximately 1,093 square feet, a lanai of approximately 106 square feet, as shown on the proposed condominium map and consists of:

Kitchen
Living/Dining Room
Two Bedrooms
Two Bathrooms

(e) Loft End. Each Loft End apartment has one (1) floor and a storage loft and contains six (6) rooms, plus a storage loft, an enclosed floor area of approximately 1,365 square feet, two lanais, totalling approximately 143 square feet, as shown on the proposed condominium map and consists of:

Kitchen
Living/Dining Room-Den
Two Bedrooms
Two Bathrooms
Storage Loft

(f) Loft. Each Loft apartment has one (1) floor and a storage loft and contains six (6) rooms plus a storage loft, an enclosed floor area of approximately 1,254 square feet, a lanai of approximately 106 square feet, as shown on the condominium map, and consists of:

Kitchen
Living/Dining Room
Two Bedrooms
Two Bathrooms
Storage Loft

Each apartment has immediate access to its entry as follows:

(1) All Fairway and Fairway End apartments have access from the parking area, down a private entry stairway and through a private entry garden, except that as to Apartment Nos. 101 and 102, said apartments shall have access from the parking area and through a private entry garden.

(2) All Bridge and Bridge End apartments have access directly from the parking area through a private entry bridge.

(3) All Loft and Loft End apartments have access from the parking area up a private entry stairway and across a private entry bridge.

Each apartment shall include all the walls and partitions within its perimeter walls; all glass windows or panels along the perimeters; the entirety of perimeter non-party walls except for the exterior decorated surfaces; the interior half of party walls; as to apartments adjoining the breezeway, the interior half of the perimeter wall adjoining the breezeway; the inner decorated or finished surfaces of the floors and ceilings; the adjacent lanai to the exterior edge of the lanai floor; and all air space encompassed within the apartment; provided, however, that the portion of each party wall and of each load-bearing wall (whether or not a party wall) which is included in any apartment is a common element (except for the inner decorated surface of said

wall within said apartment, which is not a common element) and that the exterior decorated surface of each perimeter non-party wall and wing walls between apartments is a common element; and provided further, however, that any utility chase or ventilation duct shaft within an apartment as shown on said proposed condominium map is a common element.

COMMON ELEMENTS. The common elements will include all of the limited common elements set forth herein-below, and all of the remaining portions and appurtenances of the Project other than the apartments themselves, including specifically, but not limited to:

(a) said property in fee simple;

(b) all foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter walls, wing walls between apartments and load-bearing walls (but not including the inner decorated surfaces within each apartment), and roofs;

(c) all yards, grounds, landscaping, fences, mailboxes, refuse facilities, recreational facilities and storage lockers, if any, which are not assigned to apartment owners.

(d) all ducts, sewer lines, electrical equipment, pipes, wiring and other central and appurtenant transmission facilities, installations which serve more than one apartment for services such as power, light, water, gas, refuse, telephone and television signal distribution;

(e) all driveways, ramps, parking areas, loading areas and walkways;

(f) the security office and mailbox area;
and

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

LIMITED COMMON ELEMENTS. Certain parts of the common elements, herein called and designated "limited common elements",

are hereby set aside and reserved for the exclusive use of certain apartments and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

(a) Each private entry garden area and private fairway garden adjacent to the Fairway End and Fairway apartments as shown on the proposed condominium map shall be appurtenant to the apartment to which it is adjacent, and each private side garden area adjacent to the Fairway End apartments as shown on said map shall be appurtenant to the apartment to which it is adjacent.

(b) Each private entrance walkway, private entry bridge and private stairway leading to certain apartments as shown on said map shall be appurtenant to the apartment or apartments to which it provides access.

(c) Except as provided herein, one (1) automobile parking stall shall be appurtenant to each apartment. Each such parking stall will be located as shown on said map and bears a number which corresponds to the apartment number of the apartment to which it will be appurtenant; provided, however, the Developer specifically reserves the right to build up to 28 extra parking stalls which will be located as shown on said map and numbered 1 through 28, inclusive, and which parking stalls shall be appurtenant to Apartment No. 101, and provided, further, the Developer specifically reserves the right to grant, bargain, sell, convey and assign or otherwise transfer to any owner or owners of any apartment or apartments one or more of said extra parking stalls.

(d) One (1) storage locker shall be appurtenant to each apartment; provided, however, the Developer reserves the right to assign said storage lockers to the respective apartments at the time the Developer issues apartment deeds to the condominium purchasers and provided, further, however, if any extra storage lockers are constructed by the Developer, such extra storage lockers shall be held by the Association of Apartment Owners.

INTEREST TO BE CONVEYED TO PURCHASER. Each apartment shall have appurtenant thereto an undivided percentage interest in all common elements of the Project and the same proportionate share in all common profits and expenses of the Project and for all other purposes, including voting in the Association of Apartment Owners as follows:

Each Fairway End Apartment:	1.67895%
Each Fairway Apartment:	1.50980%
Each Bridge End Apartment:	1.53494%
Each Bridge Apartment:	1.37036%
Each Loft End Apartment:	1.72352%
Each Loft Apartment:	1.55438%

USE. The apartments shall be occupied and used only as dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests, for resort rental purposes of a transient nature, and for no other purpose. Although the Project has been designed to provide primary residences in a resort setting, the owners of the respective apartments shall have the right to rent or lease their apartments to transients, subject to all provisions of the Declaration. Until all other units are sold by the Developer, the latter reserves the right to use any apartments in the Project as a "model apartment", for sales offices and for other uses reasonably related to sales and development of the Project.

OWNERSHIP. A Preliminary Report issued October 24, 1977 by Title Guaranty of Hawaii, certifies that title to the land committed to the project is vested in Kamehameha Development Corporation, a Hawaii corporation. By letter agreement dated September 9, 1977, Kamehameha Development Corporation granted an option to KHP, Inc., the Developer to acquire and develop the parcel on which the project will be built, which option shall expire on June 30, 1978.

ENCUMBRANCES AGAINST TITLE: Said Preliminary Report reflects the following encumbrances:

1. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
2. Real property taxes which may be due and owing. Reference is hereby made to the Office of the Tax Assessor, Third Division.

EASEMENTS: The proposed Declaration provides that in addition to any easements established in the limited common elements, the apartments and common elements shall also have and be subject to the following easements:

1. 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 use of the limited common elements as provided herein; and in all other apartments of the building for support.

2. If any part of the common elements now or hereafter encroaches upon any apartment or limited common element, a valid easement for such encroachment and the maintenance thereof, so long as it continues, shall exist. In the event the building 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.

3. Each apartment shall be subject to an easement in favor of the owners of all other apartments and the Board of Directors of the Association of Apartment Owners for access to any common elements located in such apartment.

MERGER OF OTHER INCREMENTS: The Developer reserves the right to merge any part or all of an adjacent property containing 3.420 acres with this condominium project as if both properties had been developed as a single condominium project. Upon such merger each apartment shall have appurtenant thereto an undivided percentage interest in the common elements of the merged increments in the same proportion that the gross area (including lanai) of said apartment bears to the total gross area (including lanai) of all the apartments included in the merged increments. The Developer further reserves the right to alter this condominium project by creating one or more additional apartment or portions thereof, which additional units shall be merged into this condominium project, with appurtenant common elements within the property of the project in accordance with complete plans and specifications therefor prepared by a registered architect.

CONSOLIDATION OF APARTMENTS: The Developer reserves the right to consolidate two or more adjoining apartments, either horizontally or vertically, as described in the said condominium map into a single apartment unit to be known as a "townhouse" in accordance with complete plans and specifications therefor prepared by a registered architect, subject, however, to appropriate filing of as-built plans reflecting such consolidation. Upon completion of the project and the issuance of a certificate of occupancy, an apartment owner may likewise consolidate two or more of his apartments into a single apartment unit upon the conditions more fully set forth in said Declaration.

FINANCING CONSTRUCTION: The Developer has entered into an agreement with First Hawaiian Bank, whereby First Hawaiian Bank has agreed, subject to certain conditions including pre-sales of apartments, to provide interim financing for the construction of the project. Such loan shall have an aggregate principal sum not exceeding \$7,000,000.00, shall have an interest

rate of not more than 3% above the bank's prime rate, moving with the prime and shall not be for a term greater than 24 months. Developer reserves the right to give First Hawaiian Bank a security interest in the project, which security interest shall remain at all times a lien on the project, including the apartments and common elements. The lien shall have priority over any interests whatsoever that a purchaser may obtain by any sales contract and the purchaser in any sales contract agrees to subordinate any interest he may acquire thereby in favor of said lien for the construction loan.

PURCHASE MONEY HANDLING: An escrow Agreement dated November 1, 1977, has been executed and a copy of same has been filed with the Commission. The Escrow Agent is First Hawaiian Bank, a Hawaii banking corporation. Upon examination, the Specimen Sales Contract and the executed Escrow Agreement are found to be consonant with Chapter 514, Hawaii Revised Statutes, and particularly Sections 514-15 (6) and 514-36 through 514-40.

It is incumbent upon the prospective purchaser that he reads with care the Sales Contract and the executed Escrow Agreement. The latter Agreement establishes how the proceeds from the sale of condominium units are placed in trust as well as the retention and disbursement of said funds. The former sets forth the terms of the purchase, which terms include the right of Developer to cancel the contract in the event less than 45 units have been sold by February 20, 1978 and under certain other circumstances.

MANAGEMENT AND OPERATIONS: The By-Laws of the Association of Owners vest the Board of Directors with the powers and duties necessary for the administration of the affairs of the project. A Management Agreement was executed on October 27, 1977 with First Hawaiian Bank named as Managing Agent.

STATUS OF PROJECT: Developer has advised the Commission that site grading has started on the project and that Developer is now building a swimming pool and sales office on the project. A construction contract for the apartment building has not yet been executed.

- - - - -
The purchaser or 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 on November 3, 1977 and information subsequently filed on December 5, 1977.

Prospective purchasers should also note that the House Rules submitted to the Commission provides, among other things, that no pets will be allowed unless prior authorization of the Association Board is obtained.

THIS PRELIMINARY HORIZONTAL PROPERTY REGIME (CONDOMINIUM)
PUBLIC REPORT is made a part of REGISTRATION NO. 948 filed
with the Commission on November 3, 1977.

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

Ah Kau Young

AH KAU YOUNG, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

DISTRIBUTION:

DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING DEPARTMENT, COUNTY
OF HAWAII
ESCROW AGENT
FEDERAL HOUSING ADMINISTRATION
REGISTRATION NO. 948
December 8, 1977