

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

PANIOLO CLUB I

Waikoloa Village, South Kohala, Hawaii

Registration No. 968

IMPORTANT — Read This Report Before Buying

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

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

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

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

Issued: May 8, 1978

Expires: June 8, 1979

SPECIAL ATTENTION

A comprehensive reading of this report is urged in order that personal requirements and expectations to be derived from the property can be ascertained. The attention of the purchaser and prospective purchaser is particularly directed to the following:

THE REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED JANUARY 10, 1978 AND INFORMATION SUBSEQUENTLY FILED AS OF APRIL 28, 1978. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL AND SUBMITTING INFORMATION ON MATERIAL CHANGES IN THE PROJECT, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY REGIME LAW, CHAPTER 514A, HAWAII REVISED STATUTES.

1. PANIOLO CLUB I is a proposed fee simple condominium project consisting of twenty-four (24) residential apartments arranged in three (3) two-story buildings. There will be a total of thirty-six (36) vehicular parking spaces.

2. The Developer of the project has submitted to the Commission for examination all documents and exhibits for the registration of the condominium project and issuance of this Preliminary Public Report.
3. Advertising or promotional materials have not yet been submitted pursuant to the rules and regulations promulgated by the Commission.
4. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A, Hawaii Revised Statutes, and the Condominium Rules and Regulations which relates to Horizontal Property Regime.
5. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, May 8, 1978, unless a Final or Supplementary Public Report issues, or the Commission, upon review of registration, issues an order extending the effective date of this report.
6. This Preliminary Public Report is made a part of the registration of PANIOLO CLUB I. The Developer has the responsibility of placing a true copy of this Preliminary Public Report (yellow paper stock) in the hands of all purchasers and prospective purchasers and securing a signed copy of the receipt for the Preliminary Public Report from each purchaser.

NAME OF PROJECT: PANIOLO CLUB I

LOCATION: The site of the project comprises approximately 81,001 square feet of land situated on the makai side of Paniolo Drive, Waikoloa Village, District of South Kohala, County and State of Hawaii.

TAX KEY: THIRD DIVISION Zone 6, Section 8, Plat 3, Parcel 3, portion of Lot 106.

ZONING: Residential Multi-family -- RM 3000

DEVELOPER: PANIOLO CLUB, Inc., a Hawaii corporation whose place of business and post office address is P.O. Box 3020, Waikoloa Village Station, Kamuela, Hawaii, phone 883-9935. The officers are:

Bruce Baker, President	P.O. Box 3020, Waikoloa Station Kamuela, Hi 96743
Phyllis M. Baker, Vice President	P.O. Box 3020, Waikoloa Station Kamuela, Hi 96743
Cathryn J. Hamilton, Vice President	P.O. Box 593 Kailua-Kona, Hi 96740
W. Ray Hamilton, Secretary- Treasurer	P.O. Box 593 Kailua-Kona, Hi 96740

DESCRIPTION OF PROJECT: PANIOLO CLUB I will consist of twenty-four (24) two-bedroom, 2 bath apartments arranged in three (3) two-story buildings of masonry and frame construction on concrete foundation and slab, exterior of plaster with wood trim, and with a cement tile roof. Plan type, approximate gross floor area, including lanai and apartment numbers of each of the apartments will be as follows:

<u>Plan Type</u>	<u>Approximate Floor Area</u>	<u>Apartments</u>
A	1144	101, 104, 105, 108, 109, 112 201, 204, 205, 208, 209, 212
B	1135	103, 107, 111 203, 207, 211
C	1136	102, 106, 110 202, 206, 210

The kitchen in each apartment will contain built-in cabinets and electric spacesaver range and oven, refrigerator, garbage disposer, dishwasher and washer/dryer. All apartments will contain carpeting and drapes and an extra storage closet outdoors adjoining the private lanai.

Each apartment has immediate access to walkways, stairways, the thirty-six (36) space parking area and driveways leading to the street entrances of the Project.

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior loadbearing 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 loadbearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings and all fixtures originally installed therein.

NOTE: Each apartment owner is required to be a member of the Waikoloa Village Association and to pay an annual assessment of \$110.00 as a member thereof in addition to their proportionate share of the common expenses of the project.

COMMON ELEMENTS: The proposed Declaration states that one freehold estate is designated in all remaining portions of the project, therein called the "common elements", including specifically but not limited to:

- a. the land submitted to the Horizontal Property Regime;
- b. the foundations, beams, supports, main walls, floors and roofs;
- c. the entries and walkways; stairs and stairways; drive entrances and driveways and parking spaces; gardens and refuse areas;
- d. central and appurtenant installations for services such as power, light, gas, water and like utilities; and

- e. all other parts of the property existing for the common use or necessary to the existence, maintenance, and safety of the building.

LIMITED COMMON ELEMENTS: The proposed Declaration states that there are no limited common elements in the project. All parking spaces of the Project will be unassigned and each apartment will have the non-exclusive right to use one or more parking spaces on the first-come basis.

INTEREST TO BE CONVEYED PURCHASER: The proposed Declaration states that each apartment shall have appurtenant thereto an undivided percentage interest in all common elements of the project ("common interest"), and the same proportionate share in all common profits and expenses of the project and for all other purposes, including voting. The undivided interest are as follows:

<u>Plan Type</u>	<u>Percentage</u>
A	4.1822%
B	4.1493%
C	4.1530%

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The proposed Declaration provides that the apartments shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests, and the owners of the respective apartments shall have the absolute right to lease or rent such apartments for temporary or permanent residences, subject to all provisions of the Declaration.

OWNERSHIP TO TITLE: The Preliminary Report dated November 28, 1977, issued by Long & Melone, Ltd., and updated April 13, 1978, certifies that the legal title to the land is vested in First Hawaiian Bank, a Hawaii corporation, as Trustee, in Trust, under that certain unrecorded Trust Agreement dated December 12, 1968, with full power to sell. Developer has acquired an option to purchase the property upon which the project will be situated. The option becomes effective upon the completion and fulfilment of certain obligations on the part of the Developer. NOTE: The Developer has been informed by the Real Estate Commission that Developer must exercise the option and acquire title to the land in fee simple or by lease prior to the issuance of the Final Public Report.

ENCUMBRANCES AGAINST TITLE: Said Preliminary Report dated November 28, 1977, also list the following as encumbrances against title:

1. Title to all mineral and metallic mines reserved to the State of Hawaii;
2. Declaration of Protective Covenants dated May 27, 1971, recorded in the Bureau of Conveyances in Book 7577, page 66, Supplemental Protective Covenants dated May 27, 1971, recorded in Book 7577, page 94 and further supplemented by instruments recorded in Book 8026, page 291, Book 8306, page 196, Book 9360, page 369, Book 9794, page 32, Book 9956, page 597, Book 10701, page 5, and Book 10706, page 490;

3. Easements D-12 and D-7 as shown on File Plan 1188 for storm drain purposes located at the easterly (front) portion of Lot 106;

4. Easement S-2 as shown on File Plan 1188 for sanitary purposes over and across a portion of Lot 106;

5. Terms, conditions and provisions contained in that certain unrecorded Trust Agreement dated December 12, 1968; and

6. For any taxes that may be due and owing, reference is made to the Office of the Tax Assessor, Third Division.

DEVELOPER'S RIGHT TO MERGE: The proposed Declaration provides that the Developer reserves the right and option at any time prior to December 31, 1982, to enlarge the Project by effectuating a merger of this Project and condominium projects PANIOLO CLUB II and, subsequently, PANIOLO CLUB III when development and construction of the respective Projects are completed.

PANIOLO CLUB II, consisting of thirty-six (36) residential apartment substantially similar in form and design to this Project and located on an adjoining 18,497 parcel, identified as Parcel 106-B and designated as PANIOLO CLUB II. Upon such merger the combined Project shall be known as "PANIOLO CLUB".

And, subsequently, PANIOLO CLUB III, consisting of sixteen (16) residential apartments substantially similar in form and design and located on an adjoining 51,003 parcel, identified as Parcel 106-C and designated as PANIOLO CLUB III. Upon such merger the combined three-phase development Project of seventy-six (76) residential apartments and common elements shall be known as "PANIOLO CLUB".

The assessments of each project shall apply only to such project and not embody or affect any successor project until the successor project has been completed, closed and the merger or consolidation consummated.

Developer shall, at Developer's sole expense, without the consent or joinder of any owner or any existing apartment or lienholder thereof amend this Declaration by recording a fully executed Amendment to the Declaration:

a) To merge PANIOLO CLUB I and PANIOLO CLUB II and, subsequently, PANIOLO CLUB III;

b) To describe the common interests and common elements appurtenant to the Project as combined;

c) To reallocate the common interests appurtenant and the common expenses attributable to each apartment so that the same shall be in that percentage equal to the ratio that square footage of such bears to the total square footage of all of said apartments of each Project, however, applicable only to such project and not embody or affect any successor project until the successor project has been completed, closed and the merger or consolidation consummated.

d) To add, delete, relocate, realign, reserve and grant all assessments and rights of every owner, under and on the common elements, and in conformity with c) above; and,

e) To re-arrange parking spaces on the common elements if such may be necessary.

Each such Amendment to the Declaration shall be recorded in the Bureau of Conveyances of the State of Hawaii and the effective date of the amendment shall be the date on which the said amendment shall be recorded.

Each and every conveyance, lease and mortgage or other lien given for or on any apartment created by this Declaration and all common interests and other appurtenances thereto shall be subject to the provisions aforementioned even though not expressly mentioned in such conveyance or other instrument.

The merger of the projects will cause them to operate as a single condominium project with one Board of Directors and will permit the apartment owners in each project to use the common areas of the merged projects.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated December 5, 1977, identifies Long & Melone Escrow, Ltd., a Hawaii corporation, as "Escrow". This Escrow Agreement and the specimen Sale Contract as submitted are found to be in compliance with Chapter 514A, Hawaii Revised Statutes.

Among other provisions the executed Escrow Agreement provides for the Escrow to disburse from escrow all sums received by it under sale contracts from time to time to pay for construction costs of the building in proportion to the valuation of the work completed by the contractor as certified by a registered architect or professional engineer, and for architectural, engineering, finance and legal fees and for other incidental expenses of the project as approved by the construction mortgagee. It also provides for the refund of all sums received by the escrow under sale contract, without interest and less the Escrow's \$25.00 cancellation fee and such deductions as may be provided in the sale contract, upon receipt of satisfactory evidence that the conditions provided in the sale contract for such refund have been met, including without limitation refunds required by Section 514A-63 through Section 514A-66.

The specimen Sale Contract provides that (1) upon rejection of a buyer's application for a mortgage loan required to meet the final payment of the purchase price therein specified, the Seller may terminate the sale contract or refer the buyer to another lending institution, and upon such termination seller will cause the Escrow to refund to the buyer without interest all sums theretofore paid by the buyer less the cost of any credit report, escrow cancellation fee and other expenses incurred by the seller or any lending institution in processing such loan application; (2) buyer agrees that all rights of buyer are and shall be subject and subordinate to the lien of any mortgage securing the repayment of any loan made to finance the cost of construction and other costs of the project and to any and all sums which may become a lien pursuant to the terms of such loan; and (3) after the

management agreement between Boise Cascade Home & Land Corporation and the Waikoloa Village Association expires December 31, 1985, Boise will have no further obligation to manage certain recreational facilities and to some extent, to subsidize losses in the operation of those facilities and consequently assessments on Waikoloa Village Association members may increase very substantially.

It is incumbent upon the buyers and prospective buyers to read with care the Escrow Agreement and specimen Sale Contract, which together establish how the proceeds from the sale of apartments are placed in trust and disbursed.

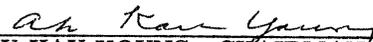
MANAGEMENT AND OPERATIONS: The proposed By-Laws of the Association of Apartment Owners of PANIOLO CLUB states that the Board of Directors shall annually employ a responsible managing agent to manage and control the Project subject at all times to direction by the Board, with all the administrative functions set forth in the By-Laws and such other powers and duties and at such compensation as the Board may establish. The Declaration states that the initial managing agent shall be PANIOLO CLUB, Inc.

STATUS OF PROJECT: The developer states that the incremental development plans have been preliminarily approved by the County of Hawaii. Final plans and specifications will be completed following issuance of this Report and initial sales of the condominium apartments. Interim and permanent mortgage financing arrangements will then be completed and construction contract executed.

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 January 10, 1978, and information subsequently submitted as of April 28, 1978.

This PRELIMINARY HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 968, filed with the Commission on January 10, 1978.

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


AH KAU YOUNG, CHAIRMAN
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

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BUREAU OF CONVEYANCES
PLANNING COMMISSION, COUNTY OF HAWAII
ESCROW AGENT
FEDERAL HOUSING ADMINISTRATION

Registration No. 968

Dated May 8, 1978