

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

"WAIKIKI GRAND HOTEL"
134 Kapahulu Avenue
Honolulu, Hawaii 96815

Registration No. 974

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: March 2, 1978

Expires: April 2, 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 or prospective purchaser is particularly directed to the following:

THE REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED FEBRUARY 3, 1978, AND INFORMATION SUBSEQUENTLY FILED AS OF MARCH 1, 1978. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY REGIME LAW, CHAPTER 514A HAWAII REVISED STATUTES.

1. "WAIKIKI GRAND HOTEL" is a proposed leasehold condominium project consisting of one hundred seventy two (172) residential units, four (4) commercial units and forty four (44) parking stalls arranged throughout one ten (10) story building with a basement.

There are eighteen (18) types of residential apartments which consist of either studios with kitchens or studios without kitchens. In addition to the studio apartments, there are forty four (44) parking stalls and four (4) commercial units available for purchase.
2. The Developer of the Project has submitted to the Commission for examination all documents deemed necessary for the registration of a condominium project and issuance of this Preliminary Public Report.
3. The basic documents (Declaration of Horizontal Property Regime, Bylaws of Association of Apartment Owners and a copy of the approved Floor Plans) have not yet been filed in the office of the recording officer.
4. No preliminary advertising and promotional materials have been submitted to the Commission pursuant to rules and regulations promulgated by the Commission.
5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514, Hawaii Revised Statutes, and the rules and regulations of the Hawaii Real Estate Commission which relate to Horizontal Property Regimes.
6. This Preliminary Public Report is made a part of the registration of the WAIKIKI GRAND HOTEL 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 Public Report from each prospective purchaser.
7. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, March 2, 1978, unless a Final or Supplementary Public Report is published or the Commission, upon review of registration, issues an order extending the effective period of this report.

NAME OF PROJECT: "WAIKIKI GRAND HOTEL".

LOCATION: The 18,802 square foot parcel of land to be committed to the regime is situated at 134 Kapahulu Avenue, Waikiki, City and County of Honolulu, State of Hawaii.

TAX KEY: 2-6-27-31, 32

ZONING: The property to be developed is zoned H-2 under the Comprehensive Zoning Code of the City and County of Honolulu.

DEVELOPER: PAC-SERVICE INCORPORATED, a Hawaii corporation, whose business and post office address is Suite 2605 Pacific Trade Center, 190 South King Street, Honolulu, Hawaii 96813 (Telephone No. (808) 524-6716). The officers of PAC-SERVICE INCORPORATED are: MONTE LEWIS HUNSAKER, President and Treasurer and JOHN A. DAHLSTROM, Secretary.

ATTORNEY REPRESENTING DEVELOPER: Geoffrey Hamilton of HAMILTON & TAYLOR, Suite 1402 Davies Pacific Center, 841 Bishop Street, Honolulu, Hawaii 96813 (Telephone No. (808) 524-3824).

DESCRIPTION: The proposed Declaration of Horizontal Property Regime reflects that the Project is to consist of one-ten (10) story building, with a basement, containing a total of one hundred and seventy two (172) apartment units, four (4) commercial apartment units and forty four (44) parking stall units. The Building is constructed principally of concrete, glass and appropriate trim. The Project is divided into the following freehold estates:

- (a) Commercial Units. Four (4) commercial units are herein referred to as "Commercial Units" and are designated as follows:

Commercial Unit "A" is situated on the first floor and contains an open area and kitchen and one bath and has a total area of 2300 square feet and shall have appurtenant thereto a common interest of .0328. Commercial Unit A is designated in the spaces to and including the exterior surfaces of the Diamond Head and Ewa perimeter walls and within the interior unfinished surface of perimeter of the Mauka and Makai walls, floors and ceiling. The owner of this unit shall be permitted to alter the exterior surface of the Diamond Head and Ewa perimeter walls in conforming with the terms of his ground lease and the Bylaws of the Association. Notwithstanding the extension of this unit as provided in the preceding sentence the perimeter walls exclusive of their exterior surfaces shall be designated a common element.

Commercial Unit "B" is situated on the first floor and contains an open area of approximately 884 square feet and shall have appurtenant thereto a common interest of .0145. Commercial Unit B is designated in the spaces within the interior unfinished surface of perimeter walls, floor and ceiling.

Commercial Unit "C" is situated on the second floor and contains an open area, a kitchen, two bathrooms and a storeroom and has a total area of approximately 4008 square feet and shall have appurtenant thereto a common interest of .0545. Commercial Unit C is designated in the spaces within the exterior surfaces of the Diamond Head and Ewa perimeter walls and within the perimeter of the Mauka and Makai walls, floor and ceiling.

Commercial Unit "D" is situated on the second floor and contains an open area of approximately 352 square feet and shall have appurtenant thereto a common interest of .0057. Commercial Unit D is designated in the space within the perimeter walls, floor and ceiling.

- (b) Apartment Units. One hundred and seventy two (172) apartment units are hereby designated in the spaces within the perimeter walls, floors and ceilings of each of the one hundred and seventy two (172) apartments of the project, which spaces together with appurtenant lanais, are referred to herein as "Apartments", and are designated on said plans and described as follows:

1. Nine (9) Apartments are located on each of the second and tenth floors. Twenty two (22) Apartments are located on each of the third through ninth floors.
2. Apartments 214, 215, 216, 217, 218, 219, 220, 221 and 222 are located on the second floor of the Building; Apartments 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 314, 315, 316, 317, 318, 319, 320, 321, and 322 are located on the third floor of the Building; Apartments 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 414, 415, 416, 417, 418, 419, 420, 421, and 422 are located on the fourth floor of the Building; Apartments 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 514, 515, 516, 517, 518, 519, 520, 521, and 522 are located on the fifth floor of the Building; Apartments 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 614, 615, 616, 617, 618, 619, 620, 621, and 622 are located on the sixth floor of the Building; Apartments 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 714, 715, 716, 717, 718, 719, 720, 721 and 722 are located on the seventh floor of the Building; Apartments 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 814, 815, 816, 817, 818, 819, 820, 821, and 822 are located on the eighth floor of the Building; Apartments 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 914, 915, 916, 917, 918, 920, 921, and 922 are located on the ninth floor of the Building; Apartments 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, and 1009 are located on the tenth floor of the Building.
3. There are eighteen (18) different types of apartments designated as follows, A, B, B1, C, C1, D, E, F, F1, G, H, I and I1 located on each of the second through the ninth floors; and J, K, L, M, and N located on the tenth floor.
4. A description of each of the Apartments by type, designating the layout, number of rooms, and approximate floor area thereof is as follows;

Type A Apartments 307, 407, 507, 607, 707, 807 and 907 contain a living area and one bath, and a total area of approximately 195 square feet and shall have appurtenant thereto a common interest of .0032.

Type B Apartments 308, 408, 508, 608, 708, 808, 908, 309, 409, 509, 609, 709, 809, 909, 311, 411, 511, 611, 711, 811, and 911 contain a living area, a lanai and one bath, and a total area of approximately 306 square feet and shall have appurtenant thereto a common interest of .0050.

Type B1 Apartments, 310, 410, 510, 610, 710, 810, and 910 contain a living area, a lanai and one bath and a total area of approximately 281 square feet and shall have appurtenant thereto a common interest of .0046. Apartments 215, 315, 415, 515, 615, 715, 815, and 915 contain a living area, a lanai and one bath and a total area of approximately 296 square feet and shall have appurtenant thereto a common interest of .0049.

Type C Apartments 312, 412, 512, 612, 712, 812, and 912 contain a living area, a lanai and one bath and a total area of approximately 373 square feet and shall have appurtenant thereto a common interest of .0061.

Type C1 Apartments 214, 314, 414, 514, 614, 714, 814, and 914 contain a living area, a lanai and one bath, and a total area of 340 square feet and shall have appurtenant thereto a common interest of .0056.

Type D Apartments 216, 316, 416, 516, 616, 716, 816, and 916 contain a living area and one bath, and a total area of approximately 241 square feet and shall have appurtenant thereto a common interest of .0040.

Type E Apartments 306, 406, 506, 606, 706, 806, and 906 contain a living area, a lanai and one bath and a total area of approximately 263 square feet, and shall have appurtenant thereto a common interest of .0043.

Type F Apartments 301, 401, 501, 601, 701, 801, 901, 302, 402, 502, 602, 702, 802, 902, 304, 404, 504, 604, 704, 804, 904, 305, 405, 505, 605, 705, 805, and 905 contain a living area, a lanai and one bath, and a total area of approximately 294 square feet, and shall have appurtenant thereto a common interest of .0048.

Type F1 Apartments 303, 403, 503, 603, 703, 803, and 903 contain a living area, a lanai and one bath and a total area of approximately 269 square feet and shall have appurtenant thereto a common interest of .0044.

Type G Apartments 300, 400, 500, 600, 700, 800 and 900 contain a living area, and one bath and a total area of approximately 271 square feet, and shall have appurtenant thereto a common interest of .0045.

Type H Apartments 217, 317, 417, 517, 617, 717, 817 and 917 contain a living area and one bath, and a total area of approximately 236 square feet, and shall have appurtenant thereto a common interest of .0039.

Type I Apartments 218, 318, 418, 518, 618, 718, 818, 918, 219, 319, 419, 519, 619, 719, 819, 919, 220, 320, 420, 520, 620, 720, 820, 920, 221, 321, 421, 521, 621, 721, 821, and 921 contain a living area, a kitchen area and one bath and a total area of approximately 363 square feet, and shall have appurtenant thereto a common interest of .0060.

Type I1 Apartments 222, 322, 422, 522, 622, 722, 822 and 922 contain a living area, a kitchen area and one bath and a total area of approximately 384 square feet and shall have appurtenant thereto a common interest of .0063.

Type J Apartment 1001 contains a living area, a lanai, and one bath and a total area of approximately 763 square feet and shall have appurtenant thereto a common interest of .0043.

Type K Apartments 1002, 1003, and 1005 contain a living area, a lanai and one bath and a total area of approximately 454 square feet and shall have appurtenant thereto a common interest of .0074. Apartment 1004 contains a living area, a lanai and one bath and a total area of approximately 429 square feet and shall have appurtenant thereto a common interest of .0071.

Type L Apartment 1006 contains a living area, a lanai and one bath and a total area of approximately 364 square feet and shall have appurtenant thereto a common interest of .0060.

Type M Apartments 1007, and 1008, contain a living area and one bath and a total area of approximately 247 square feet and shall have appurtenant thereto a common interest of .0041.

Type N Apartment 1009 contains a living area, two baths and a total area of approximately 478 square feet and shall have appurtenant thereto a common interest of .0079.

- (c) Parking Units. Forty four (44) parking stalls are designated within the perimeter of the painted "striping" which spaces are designated on said plans are referred to herein as "Parking Stalls", and shall have appurtenant thereto each and every one a common interest of .0181.

Area of Apartments. The floor area of each apartment shown herein and on Exhibit B attached to the Declaration includes a portion of the common elements and is measured as follows:

Each apartment floor area includes all the walls and partitions within its perimeter walls, any glass windows or panels along the perimeter; the interior half of the perimeter party walls, whether load bearing or non-load bearing, the interior surface of perimeter non-party walls, and any adjacent lanai shown on said Condominium Map, provided that Commercial Unit "A" shall extend to include the exterior surface of the Diamond Head and perimeter walls.

Limits of Apartments. Except as otherwise specifically provided in the Declaration 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 lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements as hereinafter provided. Each apartment shall include the adjacent lanai, if any, shown on the Condominium Map. Each apartment shall be deemed to include all walls and partitions which are not load-bearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, and the standard furnishing including bed or beds, chair or chairs, dresser, mirrors, etc., the air conditioning with carpeting and tiles and the kitchen appliances, if any.

COMMON ELEMENTS: One (1) freehold estate is designated in all of the remaining portions and appurtenances of the Project, (herein called the "common elements"), including specifically, but not limited to:

(a) Said land in fee simple;

(b) All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter and load-bearing walls, roofs, stairways, corridors, elevators, elevator lobbys, shafts and walls and walkways around said building;

(c) All yards, grounds, landscaping, garden areas, mail boxes, refuse facilities, restrooms for common use; and switch room, lobby area, delivery corridor, maintenance equipment room, mail room, and all recreation facilities including swimming pool and surrounding decking and the tenth floor balcony area;

(d) All parking areas, driveways, ramps, etc. excluding the forty four (44) spaces designated separate freehold estates;

(e) All ducts, sewer lines, electrical equipment, pipes, wiring 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, gas, air conditioning, refuse, telephone and radio and television signal distribution;

(f) All hotel contents, fixtures and furnishings which are not included in individual apartments furnishings and fixtures including without limitation all chairs, beds, linens, silverware, china, kitchen equipment, towels, pool equipment, maintenance supplies and equipment replacement inventory, drapes, rugs, carpeting, office equipment, lobby furnishings, hotel cleaning supplies and equipment provided that the furnishings and fixtures of individual apartments shall be appurtenant to and included in the individual apartments and shall not be a common element.

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

LIMITED COMMON ELEMENTS: The Project shall have no limited common elements.

INTEREST TO BE CONVEYED TO PURCHASER: The proposed Declaration reflects that the undivided percentage interests, referred to above, established and to be conveyed with the respective apartments cannot be changed, that the undivided interests in the common areas and facilities and the leasehold titles to the respective apartments to be conveyed shall not be separate or separately conveyed, and that each of such undivided interests shall be deemed to be conveyed or encumbered with its respective apartment even though the description in the instrument of conveyance or encumbrance may refer only to the leasehold title to the apartment. The proportionate shares of the separate owners of the respective apartments in the profits and common expenses in the common areas and facilities as well as their proportionate representation for voting purposes in the Association of Apartment Owners shall be the undivided percentage interest shown above.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The proposed Declaration reflects that the owners of the respective apartments shall have the absolute right to occupy, lease or rent such apartments for any lawful use including hotel use, subject to all the provisions of the Declaration. Notwithstanding the foregoing, the Developer or its nominee or representative may engage in real estate sales activity in such apartments and on the premises of the Project for the purpose of selling such apartments. Such activities may continue only until all such apartments have been initially sold by the Developer.

OWNERSHIP OF TITLE: A Preliminary Report issued on January 16, 1978, by SECURITY TITLE CORPORATION, reflects that the following persons have title to the land committed to the Project: NORMA NELLIE HARRIS, widow, and VIRGINIA LOU DAVIS, as to Parcel "FIRST" and MAE KOMETANI, wife of Harold K. Kometani and RUBY OZAKI, unmarried, as to Parcel "SECOND".

ENCUMBRANCES AGAINST TITLE: The Preliminary Report issued on January 16, 1978, indicates the following encumbrances on the property as of that date:

1. For any taxes that may be due and owing, reference is made to the Office of the Tax Assessor, First Division.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines as reserved in Royal Patent No. 5667.
3. The terms and provisions of that certain Lease herein referred to, (as to Parcel First).
4. The terms and provisions of that certain Lease herein referred to, (as to Parcel Second).
5. The terms and provisions of that certain Sublease dated November 6, 1963, recorded on November 27, 1963 in the Bureau of Conveyances of the State of Hawaii in Book 4637 Page 1, made by and between MIDTOWN DEVELOPMENT CORPORATION, PARK ENGINEERING, INC., and HIRANO BROTHERS, LIMITED, all Hawaii corporations, doing business as MIDTOWN ASSOCIATES, a limited partnership, as Lessor, and WAIKIKI GRAND, INC., a Hawaii corporation, as Lessee, for a term of 21 years commencing July 1, 1963 and ending June 30, 1984. Consents thereto recorded in Book 4637 Pages 28 and 29.

By instrument dated November 26, 1963, recorded in said Bureau of Conveyances in Book 4637 Page 37, MIDTOWN DEVELOPMENT CORPORATION, PARK ENGINEERING, INC., and HIRANO BROTHERS, LIMITED, all Hawaii corporations, General Partners of the Limited Partnership of MIDTOWN ASSOCIATES, assigns the foregoing Sublease to MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY, a corporation organized under the laws of the State of Massachusetts, as security for the repayment of that certain mortgage next hereinafter described.

6. Mortgage dated November 26, 1963, recorded on November 27, 1963 in the Bureau of Conveyances of the State of Hawaii in Book 4637 Page 30, made by MIDTOWN DEVELOPMENT CORPORATION, PARK ENGINEERING, INC., and HIRANO BROTHERS, LIMITED, all Hawaii corporations, General Partners of the Limited Partnership of MIDTOWN ASSOCIATES, as Mortgagor(s), to MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY, a Massachusetts corporation, duly authorized to do business in the State of Hawaii, as Mortgagee(s), to secure the repayment of the sum of \$900,000.00, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to.
7. Additional Security Mortgage dated November 27, 1963, recorded on November 27, 1963 in said Bureau of Conveyances in Book 4637 Page 40, WAIKIKI GRAND, INC., a Hawaii corporation, mortgaged all furniture, fixtures, equipment and articles of personal property located on the land herein described, to MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY, a Massachusetts corporation duly authorized to do business in the State of Hawaii, as additional security for the repayment of the foregoing mortgage.
 - a) Undated Financing Statement Change covering certain fixtures located on the real property, given as security by WAIKIKI GRAND, INC. in favor of MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY, recorded on July 5, 1972 in said Bureau of Conveyances in Book 8416 Page 186.
 - b) Undated Financing Statement Change covering certain fixtures located on the real property, given as security by WAIKIKI GRAND, INC. in favor of MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY, recorded on June 6, 1977 in said Bureau of Conveyances in Book 12245 Page 432.
8. The terms and provisions of that certain Memorandum of Sublease dated May 10, 1973, recorded on July 3, 1973 in said Bureau of Conveyances in Book 9290 Page 108, made by and between WAIKIKI GRAND, INC., a Hawaii corporation, as Sublessor, and KURO SANGO, LTD., a Hawaii corporation, as Sublessee, for a term from January 1, 1972, to and including June 30, 1983. Said Sublease is now held by GRAND RESTAURANT, INC., a Hawaii corporation, as Sublessee, by Assignment of Sublease dated March 20, 1974, recorded on May 9, 1974 in said Bureau of Conveyances in Book 9888 Page 403. Consent thereto recorded in Book 9888 Page 407.

Said Memorandum of Sublease is subject to the following:

- a) Financing Statement dated April 24, 1967, covering certain fixtures located on the real property, given as security by KURO SANGO, LTD. in favor of HAWAII NATIONAL BANK, recorded on May 5, 1967 in said Bureau of Conveyances in Book 5651 Page 17.
 - b) Mortgage dated May 10, 1973, recorded on July 3, 1973 in the Bureau of Conveyances of the State of Hawaii in Book 9290 Page 111, made by KURO SANGO, LTD., a Hawaii corporation, as Mortgagor(s), to COMMERCIAL FINANCE, LIMITED, a Hawaii corporation, as Mortgagee(s), to secure the repayment of the sum of \$120,000.00, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to.
 - c) Undated Financing Statement covering portion of the monthly percentage rent payable to Furusato Hawaii, Ltd. to the Debtor under a sublease, which has been assigned by the Debtor to the Secured Party, given as security by KURO SANGO, LTD. in favor of COMMERCIAL FINANCE, LIMITED, recorded on July 3, 1973 in said Bureau of Conveyances in Book 9290 Page 116.
 - d) Real Property Mortgage, Security Agreement and Financing Statement dated April 1, 1974, recorded on May 9, 1974 in the Bureau of Conveyances of the State of Hawaii in Book 9888 Page 408, made by GRAND RESTAURANT, INC., a Hawaii corporation, as Mortgagor(s), to KURO SANGO, LTD., a Hawaii corporation, as Mortgagee(s), to secure the repayment of the sum of \$48,419.01, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to.
9. Undated Sub-Sublease recorded on March 2, 1965 in said Bureau of Conveyances in Book 4978 Page 404, made by and between KURO SANGO, LTD., a Hawaii corporation, as Sublessor, and FURUSATO HAWAII, LTD., a Hawaii corporation, as Sublessee, for a term to and including June 30, 1973 with an option to extend the term for a further period of ten (10) years from July 1, 1973 to and including June 30, 1983. Consent thereto recorded in Book 4978 Page 426.
- a) Undated Financing Statement covering certain fixtures located on the real property, given as security by FURUSATO HAWAII LTD. in favor of DOHRMANN CO., recorded on November 3, 1967 in said Bureau of Conveyances in Book 5854 Page 332.

- b) Undated Financing Statement covering all of Debtor's accounts, contract rights and certain fixtures located on the real property, given as security by FURUSATO HAWAII, LTD. in favor of CITY BANK OF HONOLULU, recorded on February 4, 1974 in said Bureau of Conveyances in Book 9721 Page 495.
 - c) Undated Financing Statement covering all of Debtor's accounts receivable, inventory, now owned or hereafter acquired, and certain fixtures located on the real property, given as security by FURUSATO HAWAII, LTD. in favor of FIRST HAWAIIAN BANK, recorded on October 4, 1974 in said Bureau of Conveyances in Book 10173 Page 452.
10. The terms and provisions of that certain PACIFIC REAL ESTATE TRUST, DECLARATION OF TRUST dated August 8, 1962, recorded on August 17, 1962 in said Bureau of Conveyances in Book 4341 Page 138, made by ZADOC W. BROWN, CLESSION Y. CHIKASUYE and YOSHIO HANAO, as Trustees, to which reference is hereby made.

By instrument dated September 6, 1962, recorded on February 11, 1963 in said Bureau of Conveyances in Book 4456 Page 562, the foregoing Declaration of Trust was amended.

The fee title to the land herein described is now held by MAE KOMETANI, wife of Harold K. Kometani, and RUBY OZAKI, unmarried, as Tenants in Common, under the following instruments: (as to Parcel Second).

- a) By Deed dated December 12, 1969, recorded on January 14, 1970 in said Bureau of Conveyances in Book 6853 Page 337,
- b) By Deed dated January 2, 1970, recorded on January 14, 1970 in said Bureau of Conveyances in Book 6853 Page 340; and
- c) By Deed dated December 12, 1969, recorded on January 14, 1970 in said Bureau of Conveyances in Book 6853 Page 343.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated January 25, 1978, identifies Security Title Corporation, a Hawaii corporation, as Escrow Agent. On examination the specimen Sales Contract and the executed Escrow Agreement are found to be in compliance with Hawaii Revised Statutes, Chapter 514A, and particularly Section 514A-37, 514A-39 and 514A-63 through 66.

It is incumbent upon the purchaser or prospective purchaser that he read with care the Sales Contract and the executed Escrow Agreement. The Escrow Agreement establishes how the proceeds from the dwelling units and all sums received from any sources are placed in trust, as well as the retention and disbursement of said trust funds. Specifically, the executed

Escrow Agreement provides that if at any time the Escrow Agent receives a request in writing from Seller to refund payments made under a Sales Contract, the Escrow Agent shall, upon receipt of such request, pay said funds as directed by Seller and thereupon the Sales Contract shall be returned to Seller and shall be deemed no longer held thereunder.

Further, the Addendum to the Sales Contract provides that "in order to conform to applicable requirements of the law in the event such apartment units were deemed to be security, the Seller has elected to restrict sales of apartment units to residents of the State of Hawaii only, and to impose restrictions on resale."

MANAGEMENT AND OPERATIONS: Aaron M. Chaney, Inc., a Hawaii corporation, whose principal place of business is Suite 400, 841 Bishop Street, Honolulu, Hawaii, has been named initial managing agent.

RESTRICTION ON SALES: The Project is expected to continue to be operated as a hotel as it has been operated in the past although no binding agreements have been executed for hotel management. Because of the possibility that the sale of the apartments could be construed as the sale of a security the sale of apartments is restricted to residents of the State of Hawaii only and the purchasers will not be permitted to sell their units to nonresidents of the State of Hawaii until nine (9) months after the sale and closing of the last unit to sell. The prospective purchaser should review the sales contract for further details.

STATUS OF PROJECT: The Developer has advised the Commission that the building was completed in 1963 as evidenced by the Certificate of Occupancy issued by the Building Department of the City & County of Honolulu on June 26, 1963.

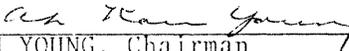
All apartments will be sold "as is" without any warranties of merchantability or fitness for a particular purpose with respect to purchaser's apartment, appliances, furnishings or anything installed therein, the common elements of the Project or any portion thereof.

The existing building is non-conforming structure, defined as a structure which was previously lawful but which does not now comply with the present regulations of the district in which it is located as a result of the new CZC regulations.

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 February 3, 1978, and information subsequently submitted as of March 1, 1978.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 974 filed with the Commission on February 3, 1978.

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



AH KAU YOUNG, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING DEPARTMENT, CITY AND
COUNTY OF HONOLULU
ESCROW AGENT
FEDERAL HOUSING ADMINISTRATION

Registration No. 974

March 2, 1978