

REAL ESTATE COMMISSION
PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES
STATE OF HAWAII
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HONOLULU, HAWAII 96801

FINAL
HORIZONTAL PROPERTY REGIMES (CONDOMINIUM)
PUBLIC REPORT

ON

POIPU VILLAGE RESORT
Junction of Puuholo and Maulili Roads
Koloa, Kauai, Hawaii

REGISTRATION NO. 988
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 until

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

Issued: February 9, 1979
Expires: March 9, 1980

SPECIAL ATTENTION

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

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION FILED APRIL 5, 1978, AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF FEBRUARY 2, 1979. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES.

1. Since the issuance of the Commission's Preliminary Public Report on Registration No. 988, dated April 28, 1978, the Developer has forwarded additional information reflecting certain changes that have been made in the documents for the project.

2. The Developer of the project has filed all documents and materials deemed necessary by the Commission for the registration of this condominium project and the issuance of this Final Public Report.

3. The basic documents (Declaration of Horizontal Property Regime, By-Laws of the Association of Apartment Owners and a copy of the approved Floor Plans) have been recorded in the Bureau of Conveyances of the State of Hawaii.

The Declaration of Horizontal Property Regime dated December 14, 1978, with By-Laws attached was recorded as aforesaid in Liber 13397, Page 126.

The approved Floor Plans showing the layout, location, apartment numbers, etc., have been designated Condominium File Plan No. 588.

4. Advertising or promotional matter has been filed pursuant to the rules and regulations promulgated by the Commission.

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

6. This Final Public Report automatically expires thirteen (13) months after the date of issuance, February 9, 1979, unless a Supplementary Public Report issues or the Commission, upon review of the registration, issues an order extending the period of this report.

7. This Final Public Report amends the Commission's Preliminary Public Report, and is made a part of registration on POIPU VILLAGE RESORT condominium project. The Developer has the responsibility of placing a true copy of this Final Public Report (white paper stock) and a true copy of the Preliminary Public Report (yellow paper stock) in the hands of all purchasers. Securing a signed copy of the Receipt for both Horizontal Property Regime Public Reports from each purchaser is also the responsibility of the Developer.

The information in the topical headings DESCRIPTION, OWNERSHIP OF TITLE, ENCUMBRANCES AGAINST TITLE, PURCHASE MONEY HANDLING and STATUS OF PROJECT has been altered as follows. All other topical headings have not been disturbed.

DESCRIPTION: The description of Apartment No. 316 has been revised to read as follows, but the balance of the information contained in this topical heading has not been disturbed:

"42. Apartment No. 316 consists of two rooms and a lanai and contains a floor area of approximately 676 square feet, including the lanai of approximately 160 square feet. This apartment shall have an appurtenant common interest of 1.8589%."

OWNERSHIP OF TITLE: A preliminary title report dated December 11, 1978, issued by Title Guaranty of Hawaii Incorporated indicates that the fee owners of the land to be submitted to the regime are Greater Idaho Corporation and Ponderosa Inns, Inc., both Idaho corporations. Developer, through its two general partners, is purchasing said property pursuant to unrecorded agreements dated December 20, 1977, December 20, 1977 and January 6, 1978, copies of which have been supplied to the Commission.

NOTE: The Developer and Title Guaranty Escrow Services, Inc., the escrow agent for the project, have notified the Commission of the following:

1. The title to the lands of the project is not held by the Developer but is currently in Greater Idaho Corporation and Ponderosa Inns, Inc., both Idaho corporations.

2. There are currently 63 sales of apartments in the project which have preclosed (i.e., with apartment deed, note and mortgage, if applicable, executed and in escrow), that only await the execution of the receipt for the Final Public Report to close.

3. Upon receipt of escrow of receipts for Final Public Reports for at least 42 of the said apartments, there will be a simultaneous closing and the following will be accomplished:

(a) The deed from the present fee owners to the Developer will be recorded.

(b) Each of the deeds for the 42 apartments, and their respective individual mortgages, if applicable, will be recorded, giving title free and clear of all encumbrances set forth in Schedule "B" to the title report issued by Title Guaranty of Hawaii Incorporated dated December 11, 1978, except for:

(i) For any taxes that may be due and owing and a lien on the land, reference is hereby made to the Office of the Tax Assessor of the Fourth Division, County of Kauai, Hawaii.

(ii) Reservation in favor of the State of Hawaii of all mineral and metallic mines.

(iii) Location of the seaward boundary in accordance with the law of the State of Hawaii, and shoreline setback line in accordance with county regulation and/or ordinance.

4. The downpayments of individual purchasers of apartments in the project held by escrow will not be disbursed until the simultaneous closing referred to in paragraph 3 above, nor will any closing with an individual purchaser be held until such time.

ENCUMBRANCES AGAINST TITLE: A preliminary title report dated December 11, 1978, issued by Title Guaranty of Hawaii Incorporated, provides that the following are encumbrances against title to the property:

1. For any taxes that may be due and owing and a lien on the land, reference is hereby made to the Office of the Tax Assessor of the Fourth Division, County of Kauai, Hawaii.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. As to Parcel Second: Location of the seaward boundary in accordance with the law of the State of Hawaii, and shoreline setback line in accordance with county regulation and/or ordinance.

NOTE: Title Guaranty Escrow Services, Inc., the escrow agent for the project, advises that individual apartments in the project will be conveyed to individual purchasers FREE AND CLEAR OF ALL ENCUMBRANCES EXCEPT ENCUMBRANCES NUMBERED 1, 2 AND 3, ABOVE, upon the simultaneous closing and funding of 42 apartments in the project and prior recordation of a withdrawal the previous Declaration of Horizontal Property Regime described in Encumbrance Numbered 5(a) below.

4. As to Parcel First:

(a) Mortgage dated June 24, 1969, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 6570, Page 412, which Mortgage, by mesne assignments, was assigned to Sandia Life Insurance Company, a New Mexico corporation, by instrument dated December 31, 1975, recorded as aforesaid in Liber 11315, Page 101.

(b) Additional Security Mortgage dated July 21, 1969 and recorded as aforesaid in Liber 6608, Page 291.

(c) Notice of State of Hawaii tax lien, Department of Taxation, dated September 24, 1976, recorded as aforesaid in Liber 11702, Page 31.

(d) Notice of lis pendens dated August 1, 1977, and filed in the Circuit Court, First Circuit, State of Hawaii, Civil No. 50699 on August 1, 1977, and recorded as aforesaid in Liber 12358, Page 307.

5. As to Parcel Second:

(a) Any possible lien or encumbrance which may exist by virtue of or which may arise out of or in connection with the Horizontal Property Regime to which the property was allegedly submitted by Declaration recorded in Liber 4386, Page 435, as amended, or such claims or rights asserted in Civil No. 636 or any appeal therefrom.

(b) Mortgage dated June 1, 1967, and recorded as aforesaid in Liber 5685, Page 383.

(c) That certain unrecorded Lease dated July 24, 1975, entered into by and between Ponderosa Inns, Inc., an Idaho corporation, as lessor, and Kaloa Landing Corp., a Hawaii corporation, as lessee, of which a short form lease is dated July 24, 1975, and recorded as aforesaid in Liber 10860, Page 320; leasing and demising store space for restaurant purposes for a term of fifteen (15) years commencing on the day following the issuance of a liquor license from the County of Kauai with an option to extend for an additional five (5) years, unless sooner terminated.

(d) Bankruptcy No. 76-20 filed in the United States District Court for the District of Idaho, entitled "Original Petition Under Chapter XI", filed on January 8, 1976, and recorded as aforesaid in Liber 11299, Page 335.

(e) Notice of State of Hawaii tax lien, Department of Taxation, dated November 19, 1976, recorded as aforesaid in Liber 11818, Page 31.

(f) Notice of State of Hawaii tax lien, Department of Labor & Industrial Relations, Unemployment Insurance Division, dated January 25, 1966 filed as Document No. 3219.

(g) Notice of State of Hawaii tax lien, Department of Labor & Industrial Relations, Unemployment Insurance Division, dated April 14, 1977, recorded as aforesaid in Liber 12145, Page 466.

(h) Final judgment dated April 14, 1977, recorded as aforesaid in Liber 12150, Page 581.

(i) Notice of State of Hawaii tax lien, Department of Labor & Industrial Relations, Unemployment Insurance Division, dated July 13, 1977, recorded as aforesaid in Liber 12328, Page 704.

(j) Notice of State of Hawaii tax lien, Department of Taxation, dated July 27, 1977, recorded as aforesaid in Liber 12354, Page 334.

(k) Judgment, dated August 2, 1977, recorded as aforesaid in Liber 12363, Page 41.

(l) Order Granting Summary Judgment, dated December 9, 1977, recorded as aforesaid in Liber 12605, Page 533.

(m) Pending in the Circuit Court, Fifth Circuit, State of Hawaii, is Civil No. 1765, filed on July 13, 1976 Koloa Landing Corporation, Plaintiff, vs. Eugenio Trombetta, Margaret Mitchell, Mary Halama and Frank Halama, Defendants; Re: Breach of Lease dated July 24, 1975 in favor of Koloa Landing Corporation.

(n) Pending in the Circuit Court, Fifth Circuit, State of Hawaii, is Civil No. 1844, filed on March 7, 1977; Pendorosa Inns, Inc., Plaintiff, vs. Eugenio Trombetta, Defendant; Re: Breach of Deposit, Receipt, Offer and Acceptance signed May 26, 1976.

(o) Default Judgment dated October 2, 1975, recorded as aforesaid in Liber 10949, Page 215.

(p) Judgment dated August 8, 1978 recorded as aforesaid in Liber 13128, Page 309.

6. Notice of Pendency of Action, Plaintiff, State Savings and Loan Association, Defendants, Pendorosa Inns, Inc., et al., dated February 10, 1977, filed in the Circuit Court, First Circuit, State of Hawaii, Civil No. 50699 on February 10, 1977, and recorded as aforesaid in Liber 12010, Page 566, Re: Foreclosure of Mortgage recorded in Liber 5685, Page 383, and Additional Security Mortgage recorded in Liber 6608, Page 291.

NOTE: Since the issuance of the above title report issued by Title Guaranty of Hawaii, Inc., the Developer has submitted to the Commission the following documents, fully executed, and recorded in the Bureau of Conveyances of the State of Hawaii: (1) Withdrawal from Horizontal Property Regime of Declaration recorded in Liber 4386, Page 435, aforesaid document recorded in Liber 13397, Page 114 (this affects Encumbrance Numbered 5(a) above); and (2) Declaration of Horizontal Property Regime of Poipu Village Resort recorded in Liber 13397, Page 126, with Condominium File Plan identified as No. 588.

PURCHASE MONEY HANDLING: The Escrow Agreement for the project has been amended by instrument dated January 31, 1979, which provides, in part:

"2. Amendments. Paragraphs 4 and 5 of the Escrow Agreement shall be amended as follows:

"4. Upon or prior to the Main Closing (which is defined as the date upon which

at least 42 of the apartments in the Project have been pre-closed, as set forth in the form of sales contract, or upon written notice by Seller to Escrow of a date for the Main Closing) Escrow shall receive the apartment deeds and the Buyers' respective notes and mortgages, if applicable, for the apartments to be closed upon such Main Closing. By the date of the Main Closing, the Seller shall have furnished to Escrow and Escrow shall have verified receipt of copies of the Construction Contract, the Miscellaneous Contracts, if any, and the Architect's Contract, together with copies of Performance and Payment Bonds in an amount not less than 100% of Construction Contract conditioned upon the full and faithful performance of the Construction Contract by the General Contractor, free and clear of all claims for labor and materials incidental to and used in connection with such construction together with dual obligee riders in form satisfactory to State Savings, naming State Savings and the Association of Apartment Owners of Poipu Village Resort as dual obligees under the Construction Contract. The Seller shall also furnish to Escrow a copy of the Final Public Report on the Project issued by the Real Estate Commission of the State of Hawaii. Upon performance of the foregoing, Escrow shall, when and as directed by Seller, obtain a preliminary report showing that title can be conveyed to the apartment purchasers, and shall record a release of the Hotel Loan mortgage and disburse funds to State Savings in full satisfaction of the Hotel Loan, shall pay off and obtain and record releases for any other outstanding mortgages or liens, shall record the apartment deeds together with any mortgages executed by the apartment purchasers and shall request that any remaining purchasers to pay over monies due and payable under the terms of their respective sales contracts. Simultaneously and thereafter, the Escrow shall make the following disbursements (not necessarily in the order hereinafter set forth):

(a) As and when approved in writing by State Savings and Seller, Escrow shall disburse funds to the General Contractor in proportion to the valuation of the

work completed by the General Contractor as certified by a registered architect or professional engineer approved by State Savings, less the retention provided for in the Construction Contract.

(B) As and when approved in writing by both State Savings and Seller, Escrow shall disburse funds in payment of appliances, carpeting, drapes, etc. and architectural, engineering, finance and legal fees, the legal fees and costs of State Savings, sales commissions, closing costs, and other incidental fees incurred by Seller in connection with the project.

(C) When Seller shall file with Escrow a copy of the affidavit of publication of notice of completion as provided for in Section 507-43, Hawaii Revised Statutes, as amended, Escrow shall pay the Seller the remaining funds upon the lapse of 45 days from the filing of the Affidavit of Publication of the Notice of Completion in the Office of the Clerk of the Fifth Circuit Court if no mechanics' and materialmen's lien has been filed or suits instituted for the enforcement of such liens or any lien arising under Chapter 507 or Section 514A-16 of Hawaii Revised Statutes, as amended ("HRS").

5. Should any notice of mechanics' and materialmen's liens or other claims in connection with the enforcement thereof or any claim under Section 514A-16, HRS, be filed within forty-five (45) days of the filing of notice of completion in the Office of the Clerk of the Fifth Circuit Court, or if any notices of mechanics' and materialmen's liens have been filed within the 45 day period and suit for enforcement thereof is filed within 90 days thereafter, Escrow may nevertheless disburse the surplus funds in its hands to Seller; provided, however, that a sum equivalent to twice the amount of such claim shall be used to obtain the necessary bond to discharge the lien under the provisions of Section 507-45 HRS. Escrow acknowledges that no disbursements of funds from Escrow shall be made without the prior written consent of State Savings, provided, however, that should funds be deposited in Escrow in excess of those necessary to repay the

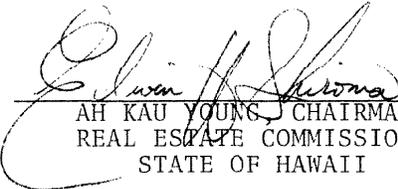
Hotel Loan, the closing costs, costs of Escrow, renovation and construction work and a reasonable contingency, Escrow shall disburse such excess funds to Seller after the Main Closing and prior to completion of all renovation and improvement work.

"3. Seller and Escrow acknowledge that the Association of Apartment Owners of Poipu Village Resort and State Savings are third party beneficiaries of the Escrow Agreement and that execution of this amendment is an essential inducement for State Savings to fund the Permanent Commitment. The Escrow Agreement may not be modified or further amended without the written consent of State Savings."

STATUS OF PROJECT: The Developer advises that it estimates the minor remodeling of the buildings of the project will begin on January 15, 1979. The estimated date for completion of the same is June 30, 1979.

The purchaser or prospective purchaser should be cognizant of the fact that this Report represents information disclosed by the Seller in the required Notice of Intention submitted April 5, 1978, and information subsequently filed as of February 2, 1979.

This FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 988 filed with the Commission on April 5, 1978. This report when reproduced shall be a true copy of the Commission's Public Report. The paper stock used in making facsimiles must be white.

 (for)
AH KAU YOUNG, CHAIRMAN
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING COMMISSION, COUNTY OF KAUAI
FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT

REGISTRATION NO. 988

February 9, 1979