

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

THE SOVEREIGN
Alexander and Beretania
Honolulu, Hawaii

Registration No. 1024

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 4, 1978
Expires: November 4, 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;

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED JULY 21, 1978 AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED WITH THE COMMISSION AS OF SEPTEMBER 29, 1978. 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 514A HAWAII REVISED STATUTES.

1. THE SOVEREIGN is a proposed leasehold condominium project consisting of forty-eight (48) apartment units contained in a sixteen (16) story building. The Developer intends to sell the apartments together with an undivided interest in the common elements of the Project. There will be a total of one hundred and five (105) parking stalls located on the first four floors (or eight parking levels) of the building, of which 2 stalls are for compact cars. Of these parking stalls, ninety-six (96) will be assigned to specific apartments and nine (9) will be used for guest parking. Each unit will have appurtenant to it a parking stall or stalls in accordance with locations and sizes (standard and compact) designated on the Condominium Map for the Project.
2. 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.
3. The basic documents (Declaration of Horizontal Property Regime, with By-Laws of the Association of Apartment Owners attached, and a copy of the approved Floor Plans) have not been recorded in the Bureau of Conveyances.
4. No advertising and promotional matter has been submitted 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 Chapter 514A, Hawaii Revised Statutes, and the Condominium Rules and Regulations which relate to the Horizontal Property Regimes.
6. This Preliminary Public Report is made a part of the registration of THE SOVEREIGN condominium project. The Developer is 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 Horizontal Property Regime Public Report from each purchaser and prospective purchaser is also the responsibility of the Developer.
7. This Preliminary Public Report expires 13 months from the date of issuance, October 4, 1978, unless a Supplementary or Final Public Report is published or the Commission upon review of the registration, issues an order extending the effective period of this report.

NAME OF PROJECT: THE SOVEREIGN

LOCATION: The 21,165 square feet of land committed to the Regime is located on the northwest corner of Alexander and Beretania Streets in Honolulu, Hawaii.

TAX MAP KEY: FIRST DIVISION 2-8-11-16, 17, 18 and 25

ZONING: Apartment (A-4)

DEVELOPER: SOVEREIGN DEVELOPMENT COMPANY of Suite 310, Pioneer Plaza, Honolulu, Hawaii, a joint venture of Develco Corporation, a Hawaii corporation, and California-Hawaii Development, Inc., a California corporation licensed to do business in the State of Hawaii. Telephone 524-4633.

Develco Corporation Telephone: 524-4633
Pioneer Plaza, Suite 310
Honolulu, HI 96813

Officers:

Board Chairman - William C. Harr
President - Robert T. Bladet
Senior Vice President - Clark B. Morgan, Jr.
Vice President - Alan H. Birdsall
Secretary-Treasurer - William G. Coon
Assistant Secretary - Ted T. Tsukiyama
Assistant Secretary - Thomas F. Casey, Jr.

California-Hawaii Development, Inc. Telephone: (408) 246-7360
The Sherman Building, Suite 307
3031 Tisch Way
San Jose, CA 95128

Officers:

President - Dewey O. Chapman
Vice President - Betty J. Chapman
Treasurer - Dewey O. Chapman
Secretary - Betty J. Chapman

ATTORNEYS REPRESENTING DEVELOPER: Ted T. Tsukiyama, Suite 887,
The Kendall Building, 888 Mililani Street, Honolulu, Hawaii
96813. Telephone 531-5032.

DESCRIPTION: The proposed Declaration of Horizontal Property Regime states that forty-eight (48) freehold estates are designated, comprised of the spaces or areas enclosed by the undecorated outside surface of all perimeter walls, the centerline of all walls common to more than one apartment, and the undecorated interior surface of all floors and ceilings of each of the forty-eight (48) units of the Project, together with lanais, consisting of forty-eight (48) residential apartments, said spaces being defined and referred to herein as "apartments". Said 48 apartments are contained in one building consisting of sixteen (16) floors, containing four (4) floors of parking and twelve (12) floors of apartments. Said buildings is to be constructed of reinforced concrete floors, roof and walls, and further described as follows:

1. Each apartment is designated by a number and letter of the alphabet by which its location in the building may be determined. The number thirteen has not been used in the apartment numbering system. Floors number 1 through 4 are parking levels. Each floor commencing with the fifth floor contains four (4) apartments each designated Apartments A, B, C, and D. The top two floors are designated as Penthouse 1 and Penthouse 2 with the topmost being Penthouse 2. Each apartment number indicates the floor of the building separated by a hyphen from the apartment alphabetical designation.

2. The apartments are identified and numbered as follows:

Fifth Floor: 5-A, 5-B, 5-C and 5-D
Sixth Floor: 6-A, 6-B, 6-C and 6-D
Seventh Floor: 7-A, 7-B, 7-C and 7-D
Eighth Floor: 8-A, 8-B, 8-C and 8-D
Ninth Floor: 9-A, 9-B, 9-C and 9-D
Tenth Floor: 10-A, 10-B, 10-C and 10-D
Eleventh Floor: 11-A, 11-B, 11-C and 11-D
Twelfth Floor: 12-A, 12-B, 12-C and 12-D
Fourteenth Floor: 14-A, 14-B, 14-C and 14-D
Fifteenth Floor: 15-A, 15-B, 15-C and 15-D
Penthouse One: PH1-A, PH1-B, PH1-C and PH1-D
Penthouse Two: PH2-A, PH2-B, PH2-C and PH2-D

3. The apartments are designated on the proposed Condominium Map and are described as follows:

(a) Ten (10) two-bedroom, two-bath apartments, identified as Type A, containing six rooms and floor area of approximately 1,192 square feet, inclusive of lanais.

(b) Ten (10) two-bedroom, two-bath apartments, identified as Type B, containing six rooms and floor area of approximately 1,280 square feet, inclusive of lanais.

(c) Ten (10) three-bedroom, two and one-half bath apartments, identified as Type C, containing eight rooms and floor area of approximately 1,511 square feet inclusive of lanais.

(d) Ten (10) two-bedroom, two-bath apartments, identified as Type D, containing six rooms and floor area of approximately 1,297 square feet, inclusive of lanais.

(e) Two (2) penthouse, two-bedroom, two-bath apartments, identified as Type PHA, containing six rooms and floor area of approximately 1,215 square feet, inclusive of lanais.

(f) Two (2) penthouse, two-bedroom, two-bath apartments, identified as Type PHB, containing six rooms and floor area of approximately 1,310 square feet, inclusive of lanais.

(g) Two (2) penthouse, three-bedroom, two and one-half bath apartments, identified as Type PHC, containing eight rooms and floor area of approximately 1,541 square feet, inclusive of lanais.

(h) Two (2) penthouse, two-bedroom, two-bath apartments, identified as Type PHD, containing six rooms and floor area of approximately 1,327 square feet, inclusive of lanais.

4. The respective apartments shall include the undecorated outside surfaces of all perimeter walls, one-half of all walls common to more than one apartment, and the undecorated interior surface of the floors and ceilings surrounding each apartment, excluding 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 also include all fixtures originally installed therein.

5. Access. Each apartment shall have immediate access to a hallway, walkway or passage way to the elevator or stairways and to the hallways, walkways, lobby, entrances, driveways and ramps connecting the building to the street entrance of the project.

COMMON ELEMENTS: One freehold estate is hereby designated of all remaining portions of the project, herein called "common elements," including specifically, but not limited to the real property and improvements thereon which serve more than one apartment and specifically include, but are not limited to, the foundations, beams and supports, girders, supporting columns, roofs, floors and ceilings, entrances and exits, staircases, elevators and elevator shafts, lobbies, halls, recreation areas, storage area, equipment rooms, parking area, nine (9) guest parking stalls, yards, landscaping, refuse area, swimming pool, all ducts, electrical equipment, wiring, and other central and appurtenant installations for services, including electric power, water, sewer, telephone, tanks and pumps or the like, or other public utility lines, and all other installations, apparatus, elements and facilities rationally in common use, necessary or convenient to the existence, maintenance, upkeep and safety of the building.

LIMITED COMMON ELEMENTS: Certain portions or parts of the common elements hereinafter designated, called and known as "limited common elements", are hereby set aside, allocated and reserved for the exclusive and restricted use of certain apartments, which apartment shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are:

1. The elevator lobby and access corridor on each floor from the fifth through Penthouse Two floor shall be appurtenant to and for the exclusive use of the apartments which are located on each such floor.

2. Two automobile parking spaces, so designated on the Condominium Map by the number corresponding to each apartment number shall be appurtenant to and for the exclusive use of such apartment, with which the same shall be transferred upon the initial conveyance by lease. Each apartment shall always have at least one parking space appurtenant to it, but otherwise any parking space easement may be transferred from apartment to apartment in the Project but shall always be appurtenant to one of the apartments in the Project.

3. One storage locker shall be assigned to each of the apartments on the initial conveyance by lease and shall be appurtenant to and for the exclusive use of such apartment.

4. All other common elements of the Project which are rationally related to less than all of said apartments shall be limited to the use of the apartment or apartments to which they are rationally related.

INTEREST TO BE CONVEYED TO PURCHASERS: Each purchaser will secure an apartment lease demising an apartment together with an undivided percentage interest in all common elements of the Project, herein called "undivided common interest" and the same proportionate share in all common profits and expenses of the Project, and for all other purposes, including voting, as follows:

<u>Number</u>	<u>Apartment Type</u>	<u>Percentage of Undivided Common Interest</u>
10	A	1.875
2	PH-A	1.910
10	B	2.013
2	PH-B	2.060
10	C	2.376
2	PH-C	2.423
10	D	2.040
2	PH-D	2.087

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The proposed Declaration specifies that the apartments shall be used and occupied as private dwellings by the respective owners and/or occupants, and for no other purpose. The apartment shall not be rented for transient or hotel purposes, which are defined as (a) rental for any period less than thirty (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.

The Bylaws of the Association of Apartment Owners states, in part, that no livestock, poultry, rabbits or other animals or pets whatsoever shall be allowed or kept in any part of the project without the prior written consent of the Board of Directors.

OWNERSHIP OF TITLE: A Preliminary Title Report issued by Title Guaranty of Hawaii, Inc. on August 31, 1978 states that title to the land committed to this Project is vested in:

1. First Parcel (TMK: 2-8-11-16) Alice Liu Lum.
2. Second Parcel (TMK: 2-8-11-17) Alice Liu Lum, 1/2 interest and Edna A. Liu, 1/2 interest.
3. Third Parcel (TMK: 2-8-11-18) Hawaii Congress of Parents, Teachers, and Students.
4. Fourth Parcel (TMK: 2-8-11-25) Sung Hin Au and Aileen Kam Au, Tenants by the Entirety, subject to an option held by Professional Realty (see 1. below under heading ENCUMBRANCES ON THE TITLES.

THE DEVELOPER HAS NO VESTED INTEREST IN THE PROPERTY BUT ONLY UNEXERCISED OPTIONS TO PURCHASE THE PROPERTY AS DESCRIBED BELOW.

The Developer, Sovereign Development Company, as represented by its general partner Develco Corporation, holds an eight month option on each of the four parcels described above. These options are held under Development Agreements executed by the fee owners (as to parcels 1, 2, and 3) and by the optionee (as to parcel 4) and recorded in Short Form in the State of Hawaii Bureau of Conveyance on April 11th, 1978. Said Development Agreements grant Develco Corporation options to lease the four parcels for the purpose of developing a leasehold condominium apartment project. The options expire on December 6, 1978 unless renewed for an additional eight months as permitted in said Development Agreements.

As to parcel 4, exercise of the option will not be effective unless the holder of the option from the fee simple owner first exercises its option to acquire the parcel. The latter option will expire on December 6, 1978, and may be extended for an additional 240 days (that is to say, to August 3, 1979).

If the options to lease the Property are not all exercised by their expiration dates, and unless the fee owners lease the property to the Developer pursuant to the options, The Sovereign condominium project will not be constructed and, under the terms of the Escrow Agreement with Bank of Hawaii Escrow, all purchasers funds (less \$25.00 cancellation fee) will be returned to the purchaser. Such purchaser funds will be mailed to the purchaser in the form of a check from the Bank of Hawaii Escrow to purchaser's address of record within thirty (30) days after expiration of the unexercised options.

ENCUMBRANCES ON THE TITLES: Said Preliminary Title Report dated August 31, 1978 states that the following listed encumbrances on said parcels were in effect on that date:

As to All Parcels -

1. For any real property taxes due and owing, reference is hereby made to the Office of the Tax Assessor of the First Division.
2. Reservations in favor of the State of Hawaii of all Mineral and Metallic Mines.

As to First Parcel -

1. That certain unrecorded Development Agreement dated April 7, 1978, by and between Alice L. Lum and Develco Corporation of which a short form is recorded in Liber 12822 at Page 553.
2. Mortgage dated March 14, 1977, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 12069, Page 329, in favor of International Savings and Loan Association, Ltd., a Hawaii corporation.

As to Second Parcel -

1. That certain unrecorded Development Agreement dated December 27, 1977, between Edna A. Lui and Develco Corporation of which a short form is recorded in Liber 12822 at Page 544.

2. That certain unrecorded Development Agreement dated April 7, 1978, between Alice L. Lum and Develco Corporation of which a short form is recorded in Liber 12822 at Page 553.

3. Sanitary sewer easement 5.00 feet wide and 46.00 feet long as further described in said Preliminary Title Report.

4. Mortgage dated April 5, 1965, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 5009, Page 113, in favor of the Hawaiian Federal Savings and Loan Association, a Hawaii corporation.

As to Third Parcel -

1. That certain unrecorded Development Agreement dated December 19, 1977, between Hawaii Congress of Parents, Teachers and Students and Develco Corporation of which a short form is recorded in Liber 12822 at Page 558.

2. Mortgage dated February 3, 1966, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 5252, Page 37, in favor of Bank of Hawaii, a Hawaii corporation.

As to Fourth Parcel -

1. That certain Option Agreement dated January 13, 1978, recorded in Liber 12970 at Page 774, between Mr. Sung Hin Au and Mrs. Aileen K. Au, Optionor, and Professional Realty Corporation, Optionee.

NOTE: Said option was supplemented by Addendum dated September 13, 1978, and recorded in Liber 13141, at Page 205, between Optionor and Optionee.

2. That certain unrecorded Development Agreement dated April 7, 1978, between Professional Realty Corporation and Develco Corporation of which a short form is recorded in Liber 12822 at Page 549.

3. Mortgage dated July 19, 1962, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 4320, Page 266, in favor of American Security Bank, an Hawaiian banking corporation.

4. An additional charge mortgage dated May 18, 1964, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 4752, Page 331.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated June 23, 1978 identifies Bank of Hawaii as the escrow agent. On examination, the specimen Sales Contract and the executed Escrow Agreement are found to be in compliance with Sections 514A-39 and 514A-63 through 514A-66, Hawaii Revised Statutes.

Among other provisions, the executed Escrow Agreement states that a purchaser under contract of sale, upon written request, shall be entitled to a refund of all monies deposited with Escrow, without interest, and less Escrow's \$25.00 cancellation fee, if any of the following events shall have occurred:

1. Escrow receives a written request from Seller to return to Purchaser the funds of such Purchaser; or

2. If a Purchaser's funds were obtained prior to the issuance of a Final Public Report and if there is any change in the condominium building plans, subsequent to the execution of Purchaser's sales agreement requiring the approval of a county officer having jurisdiction over the issuance of permits for construction of buildings, unless the Purchaser has given written approval or acceptance of the specific change; or

3. If a pruchaser's funds were obtained prior to the issuance of a Final Public Report and the request is prior to the time the Final Public Report is issued; or

4. If the Final Public Report differs in any material respect from the Preliminary Public Report, unless the Purchaser has given written approval of acceptance of the difference; or

5. If the Final Public Report is not issued within one year from the date of issuance of the Preliminary Public Report.

Among other provisions, the specimen Sales Contract provides that in the event that less than 41 of the apartments are sold prior to December 7, 1978, Seller may at its option cancel this agreement, refund to Buyer all monies paid, without interest and less Escrow's \$25.00 cancellation fee, and be relieved and released of all further liability hereunder.

The specimen Sales Contract states that the Buyer approves and accepts the terms of the Escrow Agreement executed with the Bank of Hawaii.

NOTE: The purchaser should be aware that the Seller's mortgage loan (interim, renewals and extensions) used for the construction of the project shall be and remain at all times a superior lien on the project, and the purchaser intentionally waives and subordinates the priority of any lien under the sales contract or reservation on agreement in favor of said mortgage loan.

It is incumbent upon the purchaser or prospective purchaser that he reads 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 source are placed in trust, as well as the retention and disbursement of said trust funds.

MANAGEMENT AND OPERATIONS: As specified in the Notice of Intention and the Declaration, the Developer anticipates designating Develco Management Corporation as the initial managing agent for the Project. The term of this initial appointment shall not exceed one year. The By-Laws vest the Board of Directors of the Association of Apartment Owners with the authority to annually employ a responsible Hawaii corporation as Managing Agent to manage and control the operations and maintenance of the Project.

STATUS OF PROJECT: The Developer reports that the estimated start of construction will be December 1978 and the estimated completion date will be January 1980.

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 July 21, 1978 and information subsequently filed on September 19, 1978.

THIS PRELIMINARY HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1024 filed with the Commission on July 21, 1978.

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

(for) Mary V. Sawco
Ah Kau Young, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

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

Registration No. 1024

October 4, 1978