

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII
1010 RICHARDS STREET
P. O. BOX 3469
HONOLULU, HAWAII 96801

FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

ON
KEAUHOU PUNAHELE PHASE II
Alii Highway and Kaleopapa Street
Keauhou, Kona, Hawaii

Registration No. 1051

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: August 14, 1979
Expires: September 14, 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 SUBMITTED NOVEMBER 1, 1978 AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF AUGUST 9, 1979. THE DEVELOPER IN NOTIFYING THE COMMISSION OF HIS INTENTION TO SELL AND SUBMITTING ADDITIONAL INFORMATION, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY REGIME LAW, CHAPTER 514A, HAWAII REVISED STATUTES.

1. Since the issuance of the Commission's Preliminary Report dated November 27, 1978, on KEAUHOU PUNAHELE, PHASE II, Registration No. 1051, the Developer has prepared, assembled and forwarded additional information as of August 9, 1979.

2. This Final Public Report is made a part of the registration of KEAUHOU PUNAHELE, PHASE II, condo-

minium project. The Developer is responsible for placing this Final Public Report (white paper stock) in the hands of all purchasers and prospective purchasers together with the Preliminary Public Report (yellow paper stock) and Disclosure Abstract and secure a signed copy of the Receipt therefor from each purchaser and prospective purchaser.

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

4. The Declaration of Horizontal Property Regime and attached By-Laws dated July 11, 1979, have been filed in the Bureau of Conveyances of the State of Hawaii in Liber 13845 at Page 271. Condominium Map No. 628 has been designated to the project.

5. Advertising or promotional matter has been submitted pursuant to the rules and regulations of the Commission.

6. 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 the Horizontal Property Regime.

7. This Final Public Report automatically expires thirteen (13) months after date of issuance, August 14, 1979, unless a Supplementary Public Report issues or the Commission upon review of the registration, issues an order extending the effective period of this report.

The information under the topical headings in the Preliminary Public Report dated November 27, 1978, has not been changed except for TAX KEY, OWNERSHIP, ENCUMBRANCES AGAINST TITLE, STATUS OF PROJECT with the addition of FINANCING OF THE PROJECT and SUBORDINATION TO DEVELOPMENT LOAN.

TAX KEY: The correct Tax Key is 7-3-10-55 (por.).

OWNERSHIP: The Developer has informed the Commission that a deed to the property covered by this report was issued by Kamehameha Development Corporation, as Grantor, and Developer as Grantee, which deed was dated July 11, 1979 and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 13845 at Page 226.

ENCUMBRANCES AGAINST TITLE: A Preliminary Report issued July 13, 1979 by Title Guaranty of Hawaii, Inc., 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.

3. Perpetual easements for the construction, installation, maintenance, operation and renewal of a storm drain pipeline and appurtenances and a sanitary sewer pumping station through, under and across the southerly section and the right to grant such easements to any government authority.

4. The covenants, agreements, obligations, conditions and other provisions set forth in that certain Declaration of Horizontal Property Regime dated July 11, 1979 and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 13845 at Page 271.

5. Condominium Map No. 628.

6. That certain Mortgage and Financing Statement dated January 9, 1979, filed in said Bureau in Liber 13405 at Page 165 in the amount of \$9,400,000.00 between Keauhou Punahele Associates as Mortgagor and First Hawaiian Bank as Mortgagee.

7. An Additional Security Mortgage dated July 11, 1979 filed in said Bureau of Conveyances in Liber 13845 at Page 271.

FINANCING OF THE PROJECT: The Developer has informed the Commission that the cost of completion of the Project will be \$4,594,407.00, that a maximum of \$4,700,000.00 will be available to the Developer from an interim construction loan from First Hawaiian Bank and that the balance of the construction cost, if any, will be paid from Buyer's deposits and sales proceeds realized from sales of the apartments in the Project. The Developer has informed the Commission that it has obtained a commitment for permanent financing from Territorial Savings and Loan Association to a maximum of \$5,052,000.00. The commitment letter for the permanent loan has been forwarded to the Commission.

SUBORDINATION TO DEVELOPMENT LOAN: By executing a receipt for this Final Public Report, each purchaser acknowledges that the Developer has entered into an agreement with First Hawaiian Bank (the "Lender") pursuant to which the Lender may loan the Developer an aggregate of up to \$9,400,000.00 for the costs of acquiring the land on which the project and Keauhou Punahele, Phase I, is to be built, the costs of constructing and equipping the project and KEAUHOU PUNAHELE, PHASE I and other associated costs of the project and KEAUHOU PUNAHELE, PHASE I. The interest rate on such loan will be two and one-half (2½) percentage points higher than the prime interest rate of the Lender from time to time, except that the interest rate in the event of default by the Developer will be increased by three percent (3%) per annum. \$4,700,000.00 of such loan

will be due and payable by Developer to Lender on January 9, 1980 and the remaining \$4,700,000.00 will be due and payable (12) months after the recordation of an Additional Security Mortgage covering the land on which this project, KEAUAHOU PUNAHELE, PHASE II, is to be built. To secure the entire loan amount, the Developer will give to the Lender, a mortgage covering the land on which the project is to be built and security interests in other items of property comprising or affecting the project, including the apartment and limited common elements covered by the purchaser's sale contract.

THE PURCHASER ACKNOWLEDGES AND AGREES THAT SUCH MORTGAGE LIEN AND SECURITY INTERESTS SECURING SUCH LOAN AND ALL EXTENSIONS, RENEWALS AND MODIFICATIONS THEREOF SHALL BE AND REMAIN AT ALL TIMES A LIEN OR CHARGE ON THE PROJECT PRIOR AND SUPERIOR TO ANY AND ALL LIENS OR CHARGES ON THE PROJECT ARISING FROM THE PURCHASER'S SALES CONTRACT OR ANY PRIOR RESERVATION AGREEMENT. THE PURCHASER INTENTIONALLY WAIVES, RELINQUISHES AND SUBORDINATES THE PRIORITY OR SUPERIORITY OR ANY INTEREST UNDER HIS SALES CONTRACT IN FAVOR OF THE LIENS OR CHARGES UPON THE PROJECT IN FAVOR OF THE LENDER.

The purchaser also consents to the Developer's assignment of the purchaser's sales contract to the Lender as a portion of the security for such loan and agrees that the purchaser will, in the event that the Lender acquires or controls the project and at the request of the Lender, attorn to the Lender and perform the purchaser's obligations under the sales contract directly to and for the benefit of the Lender.

At the time of the first conveyance, the Developer shall satisfy the provisions of Section 514A, Hawaii Revised Statutes, requiring the mortgages and other lien, except any improvement district or utility assessment, to be satisfied or to provide for partial releases to the respective apartments.

STATUS OF PROJECT: The Developer has advised the Commission that construction will commence about August 15, 1979 and completion is estimated on or about June 15, 1980. A construction contract dated April 27, 1979 has been executed between the Developer and Finan Overseas, Inc.

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 November 1, 1978 and additional information subsequently filed as of August 9, 1979.

This FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1051 filed with the Commission on November 1, 1978.

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

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. 1051

August 14, 1979