

# 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

KEAUHOU PUNAHELE, PHASE II  
Alii Highway & 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 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: November 27, 1978  
Expires: December 27, 1979

#### SPECIAL ATTENTION

A comprehensive reading of the 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 NOVEMBER 1, 1978, AND INFORMATION SUBSEQUENTLY FILED ON NOVEMBER 9, 1978. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF HIS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF CHAPTER 514A, HAWAII REVISED STATUTES.

1. KEAUHOU PUNAHELE, PHASE II is a proposed fee simple condominium project consisting of forty-five (45) units arranged throughout two, three-story buildings. The structure will have fifty-seven (57) parking spaces available on the ground level.

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, By-Laws of the Association of Apartment Owners, and a copy of the approved Floor Plans) have not been recorded in the Bureau of Conveyances.
4. Advertising and promotional matter has been submitted pursuant to the rules and regulations of 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 Horizontal Property Regimes.
6. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, November 27, 1978, unless a Supplementary Public Report issues or the Commission, upon review of the registration, issues an order extending the effective period of the report.

NAME OF PROJECT: KEAUFHOU PUNAHELE, PHASE II

LOCATION: The approximate 2.393 acres of land area, to be committed to the regime is situated on the southwest side of the intersection of Alii Highway and Kaleopapa Street, Kona, Island and State of Hawaii.

TAX KEY: THIRD DIVISION 7-3-10-POR. 55.

ZONING: M-2 Apartment

DEVELOPER: KEAUFHOU PUNAHELE ASSOCIATES, a Hawaii registered partnership whose general partners are J.P. FINAN and ROBERT M. FINAN both whose business and post office address are Suite 708, 700 Bishop Street, Honolulu, Hawaii, Telephone: 523-7506

ATTORNEY REPRESENTING DEVELOPER: AXEL ORNELLES, 906 Financial Plaza of the Pacific, Honolulu, Hawaii, Telephone: 521-5027.

DESCRIPTION: The proposed Declaration of Horizontal Property Regime reflects this will be a Phase II of a fee simple condominium complex consisting of 45 units in two, three-story buildings. On the ground floor there will be driveways, 57 parking spaces, and stair areas.

The two buildings will be concrete block structures on concrete slabs with tile roofs and are designated buildings "D" and "E". Building "D" has 21 units and Building "E" has 24 units. There are four entry ways serving Building "D" and four entry ways serving Building "E". All entry ways enter the second level of each building providing access thereto.

There are four types of apartments as follows:

<u>TYPE</u>	<u>NO. OF ROOMS</u>	<u>APT. AREA</u> <u>(Sq. Ft)</u>	<u>LANAI AREA</u> <u>(Sq. Ft.)</u>	<u>MEZZANINE</u> <u>AREA</u> <u>(Sq. Ft.)</u>	<u>TOTAL</u> <u>AREA</u> <u>(Sq. Ft.)</u>
I	6 - living/dining room, kitchen, two bedrooms, two bathrooms	1242	234	None	1476
II	6 - living/dining room, kitchen, two bedrooms, two bathrooms	1197	248	None	1445
III	8 - living/dining room, kitchen, two bedrooms, two bathrooms on first floor, one bedroom, one bathroom on mezzanine	1242	234	170	1646
IV	8 - living/dining room, kitchen, two bedrooms, two bathrooms on first floor, one bedroom, one bathroom on mezzanine	1197	248	155	1600

The apartments are numbered and located as shown on the proposed condominium Map as follows:

BUILDING D

<u>FLOOR NO.</u>	<u>APT. NO.</u>	<u>APT. TYPE</u>
1	D101	I
1	D102	II
1	D103	II
1	D104	I
1	D105	II
1	D106	II
1	D107	I
2	D201	I
2	D202	II
2	D203	II
2	D204	I
2	D205	II
2	D206	II
2	D207	I

BUILDING D  
(continued)

<u>FLOOR NO.</u>	<u>APT. NO.</u>	<u>APT. TYPE</u>
3	D301	III
3	D302	IV
3	D303	IV
3	D304	III
3	D305	IV
3	D306	IV
3	D307	III

BUILDING E

<u>FLOOR NO.</u>	<u>APT. NO.</u>	<u>APT. TYPE</u>
1	E101	I
1	E102	II
1	E103	II
1	E104	I
1	E105	I
1	E106	II
1	E107	II
1	E108	I
2	E201	I
2	E202	II
2	E203	II
2	E204	I
2	E205	I
2	E206	II
2	E207	II
2	E208	I
3	E301	III
3	E302	IV
3	E303	IV
3	E304	III
3	E305	III
3	E306	IV
3	E307	IV
3	E308	III

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 or service 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 be deemed to include all the 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 all fixtures originally installed therein.

Each unit contains a range with oven, refrigerator, dishwasher, garbage disposal, water heater and washer/dryer and carpets and drapes in living rooms and bedrooms.

COMMON ELEMENTS: The proposed Declaration states that the common elements of the project include the following:

- (a) Said land in fee simple.
- (b) All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter and load-bearing walls and roofs.
- (c) All yards, grounds, landscaping, planters, fences, mail boxes, refuse facilities, and like facilities.
- (d) All duct, sewer lines, electrical equipment, pipes, wires, and other central and appurtenant transmission facilities, installations which serve more than one apartment for services such as power, light, water, gas, refuse, telephone and radio and television signal distribution.
- (e) The entry ways to each building.
- (f) All driveways, parking areas and walkways.
- (g) The storage areas on the first floor of each building.
- (h) Parking stalls nos. G16, G17, G18, G19, G20, G21, G22, G23, G24, G25, G26 and G27 designated as guest parking.
- (i) Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety, and normally in common use.

LIMITED COMMON ELEMENTS: Certain parts of the common elements are set aside and reserved for the exclusive use of certain apartments and such apartment shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside are as follows:

- (a) One (1) automobile parking stall shall be assigned to each of the apartments upon the original conveyance thereof and shall be designated by the same number as the apartment for which such parking stall is appurtenant on the Condominium Map.
- (b) 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 such apartments.

INTEREST TO BE CONVEYED TO PURCHASER: Each two bedroom apartment unit shall have appurtenant thereto an undivided 2.0980 interest in the common elements as specified and established in the Declaration for such, and known as the "Common Interest," and each three bedroom unit except for apartment D-307 shall

have appurtenant thereto an undivided 2.4704 percentage interest. Apartment D-307 will have appurtenant thereto an undivided 2.4744 percentage interest. After merger of Phase I and Phase II each two bedroom unit shall have appurtenant thereto an undivided 1.0152 percentage interest and each three bedroom unit shall have appurtenant thereto an undivided 1.1954 percentage interest in the common elements except Apartment A303 which shall have appurtenant thereto an undivided 1.1956 interest. The aggregate of the common interests of all the owners shall be the basis for determination of assessments and allocations of common expenses, division and distribution of common profits, for voting in the Association of KEAUAHOU PUNAHELE Condominium Apartment Owners, and for all other related purposes.

PURPOSE OF THE BUILDING AND RESTRICTIONS AS TO USE: The apartments shall be occupied and used only for residential purposes and no apartment shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. The foregoing notwithstanding, the Owners of the respective apartments shall have the absolute right to lease such apartments for residential or resort rental purposes on a daily or longer term subject to all provisions of the Declaration, and in accordance with the By-Laws of the Association of KEAUAHOU PUNAHELE Condominium Apartments Owners, and the House Rules, as they exist or as they may be amended from time to time, and each Owners shall also observe, comply with and perform all applicable laws, ordinances, rules and regulations of all governmental agencies.

MERGER OF ADDITIONAL INCREMENT: The Developer shall have the right at his option to amend the project, which is Phase II, by way of merger, as hereinafter provided, at any time up to, but not later than January 1, 1982, by the addition of this project to the previous increment of 48 apartments known as KEAUAHOU PUNAHELE Phase I on approximately 3.379 acres of land.

The project described herein is the second increment of a proposed two (2) increment project as described in paragraph 18 of the Declaration which may be developed in two increments, all at the option of the Developer. The purpose of the merger provisions of said paragraph 18 is to provide for a merger of both increments just as if the increments involved had been developed as one single project. The purchaser should read Paragraph 18 of the Declaration for details concerning the merger.

OWNERSHIP OF TITLE: A Preliminary Report prepared October 23, 1978 by TITLE GUARANTY OF HAWAII, INC. shows that title to the land committed to the regime is vested in KAMEHAMEHA DEVELOPMENT CORPORATION.

NOTE: The Developer has submitted to the Commission an Option to Purchase said land dated February 23, 1978, expiring on April 2, 1979, executed by the Developer and said Kamehameha Development Corporation.

ENCUMBRANCES AGAINST TITLE: Said Preliminary Report shows said land is subject to the following encumbrances:

- (1) Reservation in favor of the State of Hawaii of all mineral and metallic mines.
- (2) Excepting and reserving perpetual easements for the construction, installation, maintenance 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 governmental authority.
- (3) For any real property taxes that are due and owing, references is hereby made to the office of the Tax Assessor of the Third Taxation Division.

PURCHASE MONEY HANDLING: A copy of the Escrow Agreement, executed October 20, 1978, between First Hawaiian Bank as Escrow and Keauhou Punahale Associates as Developer, has been submitted to the Commission as part of this registration. The specimen Contract of Sale and the executed Escrow Agreement have been examined and found to be in consonance with Sections 514A-37, 514A-39 and 514A-63 through 514A-66, Hawaii Revised Statutes, as amended. Among other provisions the Escrow Agreement provides that a Purchaser shall be entitled to a refund of his funds, and Escrow shall pay said funds to said Purchaser, without interest, and less Escrow's cancellation fee of \$10.000 or \$15.00 plus reimbursement for out-of-pocket expenses and less the cost of credit reports, if any, if Purchaser shall have requested in writing refund of his funds and any one of the following shall have occurred:

- (1) Seller has requested Escrow in writing to return to Purchaser the funds of such Purchaser then held hereunder by Escrow; 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 Purchaser's funds were obtained prior to the issuance of a Final Public Report and the request is made 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 or 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 Sales Contract provides that in the event (a) less than thirty-six (36) apartments are sold prior

to April 1, 1979, or (b) Seller is unable to obtain financing reasonably satisfactory to him for the development of the project as a condominium, Seller may in either of these cases at his option cancel this contract, refund to Buyer all monies paid without interest and be released of all further liability hereunder.

The specimen Sales Contract also provides: (1) Purchaser acknowledges and agrees that all security interest obtained by the Construction Lender as well as any extensions, renewals, and modifications thereof shall be and remain at all times a lien or charge on the project and that such liens and security interests shall have priority over any interest whatsoever that Purchaser may have obtained from the Sales Contract;

(2) If Developer fails to exercise its option to purchase the land or if for any reason the Developer's option to purchase the land is terminated, the Sales Contract is automatically cancelled and Purchaser shall have no right to require Developer or owner of the land to construct the project or apartment covered by the Sales Contract; and

(3) Purchaser will pay at the time of closing all closing costs, including but not limited to all escrow fees, conveyance taxes, all notary and recording fees, charges for Purchaser's credit report, costs for drafting of the mortgages and notes, and costs of the title report and any title insurance, abstract of title or certificate of title. Purchaser shall at the closing, prepay maintenance fee for a period of three (3) months, and prepay real property taxes for the remainder of the tax year.

It is incumbent upon the purchaser and prospective purchaser that he reads, with care, the Sales Contract and Escrow Agreement. The Escrow Agreement establishes how the proceeds from the sale of units and all sums from any source are placed in trust, as well as the retention, disbursement and refund of said trust funds.

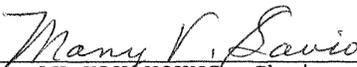
MANAGEMENT AND OPERATION: The Declaration of Horizontal Property Regime states that the administration of the project shall be vested in the Association of KEAUHOU PUNAHELE Phase II Condominium Owners, whose members include all of the owners of apartment units, in accordance with the By-Laws of the Association. The By-Laws vest the Board of Directors with the authority to employ and at all times maintain a responsible managing agent. The specimen Contract of Sale and Declaration of Horizontal Property Regime represents that the Developer will employ Aaron M. Chaney, Inc., Room 285, 75-5744 Alii Drive, Kailua-Kona, Hawaii, as the initial managing agent.

STATUS OF PROJECT: No building contract has been executed as of the date of this Preliminary Public Report. It is anticipated that groundbreaking and commencement of building will start during the week of July 1, 1979. Construction time is estimated to be ten (10) months.

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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 November 1, 1978.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1051 filed with the Commission on November 1, 1978, and additional information subsequently submitted as of November 9, 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 in color.

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

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ESCROW AGENT

Registration No. 1051  
November 27, 1978.