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

HALE POHAKU
76-6194 Alii Drive
Kailua, Kona, Hawaii

REGISTRATION NO. 1062

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: January 4, 1979
Expires: February 4, 1980

SPECIAL ATTENTION

A comprehensive reading of this report by the prospective buyer 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 27, 1978 AND INFORMATION SUBSEQUENTLY SUBMITTED AS OF DECEMBER 28, 1978. 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. The HALE POHAKU is a proposed fee simple condominium project consisting of six residential apartment units in a three-story building with basement. There will be one covered parking stall for each apartment. There will be four uncovered guest stalls. Buyers will receive an apartment deed granting a fee simple interest directly from the Developer.

2. The Developer of the project has filed all documents and material deemed necessary by the Commission for the registration of this proposed comdominium project and issuance of the Preliminary Public Report.

3. The basic documents (Declaration of Horizontal Property Regime, Bylaws of the Association of Apartment Owners and a copy of Approved Floor Plans) have not yet been filed in the office of the recording officer.

4. The Developer has advised the Commission that advertising and promotional matter required to be filed pursuant to the rules and regulations promulgated by the Commission will be submitted prior to public exposure.

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

6. This Preliminary Public Report is made a part of the registration of HALE POHAKU condominium project. The Developer has the responsibility of placing a true copy of the Preliminary Public Report (yellow paper stock) in the hands of all purchasers and prospective purchasers and obtaining a receipt therefor from each such party.

7. This Preliminary Public Report automatically expires thirteen (13) months after date of issuance, January 4, 1979, unless a Supplementary Public Report issues, or the Commission upon review of registration issues an order extending the effective period of this report.

NAME OF PROJECT: HALE POHAKU

LOCATION: The site, comprising approximately 18,250 sq. feet (.419 acres) is located at 76-6194 Alii Drive, Kailua, Kona, Hawaii.

TAX MAP KEY: 7-6-17:30 (Third Division)

ZONING: V-1.25 Hotel/Resort

DEVELOPER: STONE CORP., a Hawaii corporation, whose principal place of business is 575 Cooke Street, Honolulu, Hawaii. The name and post office address of the officers are:

Majorie H. Stone, President
Secretary-Treasurer
P.O. Box 32
Honolulu, Hawaii 96810

Daniel H. Case
Assistant Secretary
165 S. King Street
Honolulu, Hawaii 96813

ATTORNEY REPRESENTING OWNER: Case, Kay & Lynch (Gary L. Wixom, Esq.), P.O. Box 494, Honolulu, Hawaii 96809, Telephone: 536-7261.

DESCRIPTION:

1. Building Description. Six separate condominium apartments are hereby designated within the perimeter walls, floors and ceilings and adjacent lanai of each of the apartment units of the project contained in a single three-story building and a basement constructed principally of concrete, concrete block, wood, sheet rock, glass and related building materials, which spaces are referred to herein as "apartments" and are shown on the Condominium Map. The apartments will be numbered 1 through 6, with apartments numbered 1, 3, and 5 being located on the southerly side of the building being on floors 1, 2 and 3, respectively, and apartments 2, 4 and 6 being located on the northerly side of the building on floors 1, 2 and 3, respectively.

2. Description of Apartments.

a. Each apartment contains an entry, a living-dining room, kitchen, two bedrooms, two bathrooms, and a lanai contained on a single floor as shown on the condominium map. The enclosed floor area of apartments 1 through 4 is approximately 1,161 square feet for the living area and the lanai is approximately 226 square feet, making a gross area of 1,387 square feet. The enclosed floor area of apartments 5 and 6 is approximately 1,266 square feet and the lanai is approximately 317 square feet, making a gross area of 1,583 square feet.

b. Each apartment has immediate access to an entry porch on the interior of the structure and stairways which lead to the basement level and walkways, parking area and driveway connecting it to the public street. Each apartment has immediate access to a stairway on the outside of the structure which stairways lead to the grounds and thence to the public highway.

The apartment number, total living area, lanai area and percentage interest in the common elements appertaining to each apartment is as follows:

Apartment Number	Total Enclosed Area (S.F.)	Lanai Area (S.F.)	Common Interest
1	1161	226	16%
2	1161	226	16%
3	1161	226	16%
4	1161	226	16%
5	1266	317	18%
6	1266	317	18%

The apartments shall not include the perimeter walls or interior load bearing walls or the floors and ceilings surrounding each apartment (except in each case for

the interior decorated or finished surfaces of the perimeter walls, interior load bearing walls, floors or ceilings) 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 unit shall include all of the walls and partitions which are not load bearing within its perimeter walls, the inner or decorated surfaces of all walls, floors and ceilings, the adjacent lanai and all fixtures contained or installed therein, including a built-in range, oven, microwave oven, refrigerator, disposal, trash compactor, washer, dryer, dishwasher and carpeting.

COMMON ELEMENTS: The remaining portions of the project are designated as "common elements," including specifically but not limited to:

a. The land in fee simple.

b. All foundations, columns, girders, beams, floor slabs, supports, perimeter walls, load bearing walls, floors, ceilings (except the inner or decorated surfaces of the perimeter walls, load bearing walls, floors and ceilings), roof, corridors, stairs and stairways, fire escapes, entrances and exits of the building or buildings.

c. All yards, gardens, planters, plants, refuse facilities, driveways, walkways, parking areas (including four guest parking stalls), mail boxes, equipment rooms, office, tenant storage room and recreational facilities.

d. All tanks, pumps, motors, fans, compressors, solar heating panels and equipment, waste water treatment plant and other equipment and installations for common use or benefit.

e. All ducts, pipes, wiring, electrical and other central and appurtenant transmission facilities and installations which serve more than one apartment for services such as electrical power, water, sewer and telephone.

f. Any and all other parts of the property, apparatus and installations for common use or necessary or convenient to the project's existence, maintenance or safety and normally in common use and all elements mentioned in the Act actually constructed on the land described herein.

NOTE: A private sewage collection, treatment plant and disposal system is not operated or maintained by the county.

LIMITED COMMON ELEMENTS: Certain parts of the common elements, herein called "limited common elements," are designated and set aside for the use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements as follows:

a. Each apartment shall have the exclusive right to use one parking stall. The stall shall have the same number as the apartment as shown on the Condominium Map.

b. Each apartment shall have appurtenant to it the exclusive right to use a mail box in the mail facilities located as shown on the Condominium Map.

c. Each apartment shall have a storage area located in the tenant storage room on the basement level of the project identified by a number corresponding to the apartment number to which it is appurtenant.

d. Each apartment shall have the exclusive use of a solar water heating facility located on the roof of the building as shown on the Condominium Map.

INTEREST TO BE CONVEYED TO PURCHASER: The proposed Declaration reflects that the common elements, referred to above, established and to be conveyed with the respective apartments, shall have a permanent character and shall not be altered without the consent of all of the apartment owners affected, expressed in an amendment to the proposed Declaration, that the common interest and easements shall not be separated from the apartment to which they appertain and shall be deemed to be conveyed, leased or encumbered with such apartment even though such interest or easements are not expressly mentioned or described in the conveyance or other instrument. The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof except as provided by the Horizontal Property Act set forth in Chapter 514A of the Hawaii Revised Statutes as amended. 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 interest set forth as follows:

Apartments 1 through 4 inclusive--16% each
Apartments 5 and 6-- 18% each

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The proposed Declaration reflects that the apartments shall be occupied and used only as private dwellings and may not be used for transient hotel purposes.

The Project Rules state, in part: (1) Occupancy is limited to not more than two (2) persons per bedroom contained in each apartment, except that this occupancy may be exceeded by members of the immediate family of the owner, tenant or lessee, provided that in no event shall the number of occupants be more than three (3) per bedroom; (2) No fires or barbecuing will be permitted on any apartment lanai; and (3) Pets not permitted.

OWNERSHIP OF TITLE: A preliminary title report prepared by Long & Melone, Ltd. issued on November 17, 1978 states that STONE CORP., a Hawaii corporation, holds the record title to the land committed to the project.

ENCUMBRANCES AGAINST TITLE: Said title report identifies the following encumbrances on the land committed to the project:

1. Exception of title to that portion of the porperty lying below the high water mark as presently or hereafter established by law or ruling of the Courts.

2. The provisions of Hawaii Revised Statutes with reference to Shoreline Setback.

3. Reservation to the State of Hawaii of all mineral or metallic mines of every description on those portions of the land derived from R.P. 4475 issued on L.C. Aw. 7713, Ap. 43 to V. Kamamalu.

4. Real property taxes--fiscal year 1978-1979: First installment paid. Second installment due and delinquent after February 20, 1979.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated November 22, 1978, identifies Long & Melone Escrow, Ltd., a Hawaii corporation, as Escrow Agent. On examination the specimen Condominium Reservation Deposit Receipt and Sales Agreement and the executed Escrow Agreement are found to be in compliance with Hawaii Revised Statutes, Section 514A-37, Section 514A-39 and Sections 514A-63 through Section 514A-66. Among other provisions the executed Escrow Agreement states that no money received by Escrow Agent shall be disbursed until the Seller has a valid and binding contract for the sale of the unit for which money was received and the requirements of Sections 514A-39, 514A-63, 514A-64 and 514A-66 have been met, all as provided in Section 514A-65, Hawaii Revised Statutes.

According to the specimen Condominium Reservation Agreement, Deposit, Receipt and Terms of Sales Agreement, in the event that less than 80% of the apartments in the project are sold prior to construction and to the time that Developer has valid and binding agreements, Developer may, at its option terminate all sales agreements, refund Buyers all monies paid without interest and be relieved and released from any past and future liabilities.

The specimen Sales Agreement also states: (1) All of Buyer's right, title and interest under the Sales Agreement are and shall be subject and subordinate to the lien of any mortgage made by Developer to any institutional lender for the purpose of securing the repayment of a construction loan; and (2) In the event development and construction of the project are delayed due to governmental restrictions or regulations enacted after the date of any Sales Agreement, which delay results in excessive developmental cost or by occurrence of a contingency, the non-occurrence of which was the basic assumption of any agreement entered, then in such event, Developer may at its option, terminate the Sales Agreement, refund all monies (except escrow cancellation fee) and be released of all liabilities hereunder Sales Agreement; (3) Developer makes no warranties, expressed or implied, with respect to the Property or the Apartment or any common elements or anything installed therein, including but not limited to warranties of merchantability or fitness for a particular purpose.

It is incumbent upon the purchaser and prospective purchaser to read with care and to understand the Escrow Agreement and Sales Agreement as both agreements provide for the benefits and obligations therein outlined.

MANAGEMENT OF THE PROJECT: The Developer contemplates that the project will be operated and managed by the Association through the Board of Directors and officers of the Association who would perform the functions of arranging for the services which are necessary for the support, operation and repair of the condominium project.

STATUS OF PROJECT: The Developer has selected a contractor to construct the project and is currently in the process of arranging construction financing. The estimated date for commencement of construction is January 1979.

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 27, 1978 and information subsequently submitted as of December 28, 1978.

This PRELIMINARY HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1062 filed with the Commission on November 27, 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

AH KAU YOUNG, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:
DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING DEPARTMENT, COUNTY OF HAWAII
FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT

REGISTRATION NO. 1062

January 4, 1979