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
KONA NALU
Alii Drive
Kailua, Kona, Hawaii

REGISTRATION NO. 1071

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: February 2, 1979

Expires: March 2, 1980

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 or prospective purchaser is particularly directed to the following:

THE REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED DECEMBER 28, 1978 AND INFORMATION SUBSEQUENTLY SUBMITTED AS OF JANUARY 29, 1978. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES.

1. KONA NALU is a proposed fee simple condominium project consisting of fifteen (15) residential condominium apartments in a three-story building with no basement. There shall be a total of 19 parking stalls of which 15 are assigned to apartments and the remainder are guest parking stalls.

2. The Developer of the project has submitted to the Commission for examination all documents deemed necessary for the registration of this condominium project and issuance of this Preliminary Public Report.

3. The basic documents (Declaration of Horizontal Property Regime, By-Laws of Association of Apartment Owners and a copy of the approved floor plans) have not been filed in the office of the recording officer.

4. No advertising or 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 Horizontal Horizontal Property Regimes.

6. This Preliminary Public Report automatically expires thirteen months after date of issuance, February 2, 1979, unless a Final or Supplementary Public Report is issued or the Commission, upon review of the registration, issues an order extending the effective period of this report.

7. This Preliminary Public Report is made a part of the registration of the KONA NALU condominium project. The Developer has the responsibility of placing a true copy of this Preliminary Public Report (yellow paper stock) in the hands of all purchasers and prospective purchasers and securing signed copy of the receipt for this report.

NAME OF PROJECT: KONA NALU.

LOCATION: The 32,670 square feet of fee simple land and improvements thereon to be submitted to the Horizontal Property Regime is located at Alii Drive, Kailua, Kona, County of Hawaii, State of Hawaii.

TAX KEY: 3rd Division, 7-6-16-14.

ZONING: V-1.25 (hotel resort).

DEVELOPER: G.C. Development Co., Inc., a Hawaii corporation, whose principal place of business is in Kailua, Kona, Hawaii, and whose post office address is P. O. Box 1688, Kailua, Kona, Hawaii, Telephone 324-1613, and whose officers are:

John W. Godfrey	P. O. Box 1688 Kailua, Kona, Hawaii	President
Jeff Michael Godfrey	P. O. Box 1688 Kailua, Kona, Hawaii	Vice President
Mary Hayes	P. O. Box 1688 Kailua, Kona, Hawaii	Secretary- Treasurer

ATTORNEY REPRESENTING DEVELOPER: Hiroshi Sakai, Attorney at Law, A Law Corporation, Suite 602, City Bank Building, 810 Richards Street, Honolulu, Hawaii 96813, Telephone 531-4171.

DESCRIPTION: The proposed Declaration of Horizontal Property Regime reflects that the project consists of fifteen (15) residential condominium apartments in a 3-story building with no basement. The building will be of wood frame construction with wood and glass, shake roofs and an elevator. There are parking spaces for 19 cars of which 15 are assigned and 4 are guest stalls, landscaped areas and a sewage treatment plant.

1. Description of Units.

(a) There are 5 apartments on each of the floors. The first digit denotes the floor and the last two digits denote its location on the floor commencing from Kailua Bay to Holualoa Bay. The parking stalls are numbered 1 through 19 which are located on the ground level of which 15 are assigned and four are guest parking stalls.

(b) Layout and Area

(i) There are twelve two bedroom apartments numbered 101, 102, 103, 104, 201, 202, 203, 204, 301, 302, 303 and 304, each consisting of the following: Living room, dining room, kitchen, two bedrooms, two bathrooms and walk-in closet of 1,300 square feet and a lanai of 260 square feet.

(ii) There are three two bedroom apartments numbered 105, 205 and 305, each consisting of the following: Living-dining room, kitchen, two bedrooms, two bathrooms, utility and storage room and closets of 1,408 square feet and a lanai of 350 square feet.

(iii) The floor area described above is gross floor area measured center line to center line on the horizontal and outside to outside in a transverse direction.

(c) Access to Common Elements. Each apartment has immediate access to the grounds through steps.

(d) Limits of Apartments. The respective apartments shall not be deemed to include the undecorated or unfinished perimeter walls, the floors and ceilings surrounding each apartment 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. Each apartment shall include the adjacent lanai or lanais delineated on the Condominium Map. Each apartment shall be deemed to include all the walls or partitions which are not

load bearing within its perimeter walls, and inner decorated or finished surfaces of all walls, floors and ceilings, doors and door frames, windows and window frames, and lanai, air space and all fixtures originally installed therein.

Each apartment shall include the adjacent lanai delineated on the Condominium Map.

COMMON ELEMENTS: The common elements of the Project shall include the limited common elements and all other portions of the land and improvement in the Project other than the apartments, but including both the apartment building and the portions of the land on which the building is located and all elements mentioned in the Act which are actually constructed on the land and specifically shall include but not be limited to:

a. The land in fee simple;

b. All foundations, wood flooring, wood frames, beams, supports, bearing walls, roof, stairs and stairways;

c. All yards, grounds, and landscaping;

d. All driveways and parking areas including four guest parking stalls;

e. All common storage, sewage treatment plant and facilities for utilities including power, lights, cold and hot water and telephone;

f. All other devices or installations upon the land and building existing for or rationally of common use of all of the owners of apartments within the Project.

LIMITED COMMON ELEMENTS: There are nineteen parking stalls of which fifteen are limited common elements assigned to the apartments as set forth in the Exhibit attached hereto. Notwithstanding the provisions in the Declaration, the apartment owners with the consent of the Mortgagee, if any, shall have the right to change the designation of parking stalls which are appurtenant to the respective apartments by amendment to the Declaration and the respective apartments involved. The amendment shall be effective upon recording or filing of the same for record with the Bureau.

COMMON INTEREST: The common interest, the proportionate share in the profits and common expenses and voting purposes for Apartment 305 is a 6.70 percentage interest, for Apartments 105 and 205 shall each have a 6.69 percentage interest and Apartments numbered 101, 102, 103, 104, 201, 202, 203, 204, 301, 302, 303 and 304 shall each have a 6.66 percentage interest.

EASEMENTS: The apartments and common elements shall also have and be subject to the following easements:

(a) Each apartment shall have appurtenant thereto non-exclusive easements in the common elements designed for such purposes for ingress to, egress from, and

support, maintenance and repair of such apartment; in the other common elements for use according to their respective purposes, subject always to the exclusive use of the limited common elements as provided herein; and in all other apartments and limited common elements of the building for support;

(b) If any part of the common elements now or hereafter encroaches upon any apartment or limited common element, or if any apartment now or hereafter encroaches upon any other apartment or upon any portion of the common elements, a valid easement for such encroachment and the maintenance thereof, so long as it continues, shall exist. In the event the apartment building shall be partially or totally destroyed and then rebuilt, minor encroachments of any parts of the common elements upon any apartment or upon any portion of the common elements due to construction shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist;

(c) The Association shall have the right, to be exercised by its Board of Directors or the Managing Agent to enter each apartment and limited common element from time to time during reasonable hours as may be necessary for the operation of the Project or for making emergency repairs necessary to prevent damage to any apartment or common elements;

(d) Each apartment owner shall have an easement in common with the owners of all other units to use all pipes, wires, ducts, cables, conduits, public utility lines and other common elements located in any of the other apartments and serving his apartment. Each apartment shall be subject to an easement in favor of the owners of all other apartments for its access to any common elements located in such apartment;

(e) The Developer reserves the right in its sole discretion to use and relocate from time to time any apartments that it owns as models, management office and/or sales office until such time that all apartments that it owns are sold and resold, and to maintain such advertising signs which comply with governmental ordinances which may be placed in any location of the Project.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The apartments hereinabove described shall at all times be used for residential apartment uses for the owner, his family, tenants and social guests and such other uses as are permitted by the By-Laws and House Rules and may be sold, leased or rented for any time period or periods including any annually recurring period on a fixed or floating basis; provided, however, that during the time that the Developer is the owner of an apartment, Developer shall have the right to retain any apartment or apartments in the Project and to sell, lease or rent for any time period or periods as aforesaid to any third party for the occupancy of any apartment that it retains.

OWNERSHIP OF TITLE: A preliminary report dated October 13, 1978 issued by Hawaii Escrow & Title, Inc. on November 24, 1978 certifies that the fee simple title to the land to be submitted to the Horizontal Property Regime is in FUYO OVERSEAS, LIMITED, a non United States Corporation, who has sold the land under an Agreement of Sale to the Developer dated October 13, 1978, recorded in the Bureau of Conveyances, State of Hawaii in Book 13233, Page 558.

ENCUMBRANCES AGAINST TITLE: Said Preliminary Report reflects the following encumbrances:

1. Assessments or charges levied by Municipal or Governmental Authority or imposed by any other lawfully constituted body authorized by Statute to assess, levy and collect the same, if any.

2. Title to all minerals and metallic mines reserved to the State of Hawaii.

3. The property borders on the ocean and is subject to the provisions of Hawaii Revised Statute 205, Sections 31 to 37 relative to shoreline setbacks and prohibitions on use, and to the regulations of the Land Use Commission and the County Planning Department.

4. Agreement of Sale dated October 13, 1978, recorded October 30, 1978, in the Bureau of Conveyances, State of Hawaii, in Book 13233, Page 558, for the stated consideration (no amount stated), and on the terms and conditions therein contained, of the fee simple estate.
Seller: Fuyo Overseas Limited, a non United States corporation.
Purchaser: G. C. Development Co., Inc., a Hawaii corporation.

5. Taxes which may become due and owing. Reference is hereby made to the County Tax Assessor of the Third Division for further information.

PURCHASE MONEY HANDLING: A copy of the Escrow Agreement dated November 17, 1978, by and between Hawaii Escrow & Title, Inc., Escrow, and G.C. Development Co., Inc., Seller, has been submitted to the Commission as part of this registration. On examination, the Escrow Agreement and Sales Contract are found to be in compliance with Chapter 514A, Hawaii Revised Statutes. The provisions of the Sales Contract should be carefully read by the purchasers. The specimen document filed as a part of the registration recites the conditions under which the purchaser acknowledges receipt of the Public Report.

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 thirty-five and no/100 Dollars ($35.00) plus cost of credit report or like incidental expenses reasonably incurred on behalf of the purchaser in the following instances:

1. Seller has requested Escrow in writing to return to purchaser the funds of such purchaser then held by Escrow; or

2. Prior to the time the Final Report is issued, the purchaser shall request in writing the return of his funds so deposited; or

3. 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 contract, 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

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 (1) year from the date of issuance of the Preliminary Public Report.

The Escrow Agreement also provides that the Escrow shall deposit all funds received in a bank or savings and loan institution selected by the Developer and that any interest earned thereon shall be the sole asset of the Developer. The Developer has advised the Commission that pursuant to the terms of the Escrow Agreement, purchasers' escrowed down payments may, under certain circumstances, be used to defray construction and other costs of the project after the issuance of a Final Report.

The specimen Sales Contract filed with the Commission contains, among others, the following provisions:

1. Pre-closing and Closing. The Buyer is advised that Seller intends to pre-close by having all documents necessary for closing executed and deposited with Escrow, and Buyer agrees to pay all amounts due for Reserves and Closing Costs and execute all necessary documents for such closing, including irrevocable escrow instructions, upon request by Seller for any pre-closings as directed by Seller which may be three (3) months prior to the completion of the project as reasonably determined by the Seller in its discretion. Failure to comply will constitute a default under this contract.

2. Subordination. Buyer hereby subordinates his interest to the lien of the interim mortgage obtained for the construction of the project and to any and all advances, whether contractual or voluntary made pursuant to said mortgage, and to any and all sums which may become a lien pursuant ot the terms of said mortgage or the construction loan agreement or any other agreement relating to the interim mortgage.

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

MANAGEMENT AND OPERATION: The proposed Declaration of Horizontal Property Regime provides that the operation of the project shall be conducted for the Association of Apartment Owners by a Managing Agent. The Developer contemplates appointing John W. Godfrey (an individual) P. O. Box 1688, Kailua, Kona, Hawaii, who is also President of G.C. Development Co., Inc., Developer, as its initial managing agent.

The Developer has submitted to the Commission a breakdown of the annual maintenance fees and the monthly estimated cost for each apartment.

STATUS OF PROJECT: The Developer reports that the construction of the building shall commence as soon as negotiation and financing are completed within the next three months.

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The purchaser or prospective purchaser shall be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of Intention submitted December 28, 1978 and information subsequently filed as of January 29, 1979.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1071 filed with the Commission on December 28, 1978.

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

Edwin H. Furoma (for)
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. 1071

February 2, 1979

Exhibit

KONA NALU PARKING ASSIGNMENTS

Apt. No.	Parking Stall No.
101	1
102	2
103	3
104	4
105	5
201	7
202	8
203	9
204	10
205	11
301	14
302	15
303	16
304	17
305	18

Guest Parking Stall Nos. 6, 12, 13 and 19.