

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

PRINCEVILLE PANIOLO
Northeast Corner of Intersection of
Ka Haku Road and Wyllie Road
Princeville, Kauai, Hawaii

REGISTRATION NO. 1091

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: March 5, 1979
Expires: April 5, 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 FILED FEBRUARY 13, 1979, AND ADDITIONAL INFORMATION FILED AS OF FEBRUARY 26, 1979. 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. PRINCEVILLE PANIOLO is a proposed leasehold condominium project consisting of five (5) two-story buildings and six (6) one-story buildings, without basements, and containing twenty-six (26) apartments and fifty-two (52) unassigned parking stalls.

2. The Developer of the project has filed all documents and materials deemed necessary by the Commission for the registration of this proposed condominium project and the 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 yet been recorded in the Bureau of Conveyances of the State of Hawaii.

4. No advertising and promotional matter has been filed 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 the Horizontal Property Act, Chapter 514A of the Hawaii Revised Statutes and the Condominium Rules and Regulations which relate to Horizontal Property Regime.

6. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, March 5, 1979, unless a Final or Supplementary Public Report issues or the Commission, upon review of the registration, issues an order extending the period of this report.

7. This Preliminary Public Report is made a part of registration on PRINCEVILLE PANIOLO 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. Securing a signed copy of the Receipt for the Preliminary Horizontal Property Regime Public Report from each such person is also the responsibility of the Developer.

NAME OF PROJECT: PRINCEVILLE PANIOLO

LOCATION: The approximately 2.587 acres of land to be committed to the regime is situated at the northeast corner of the intersection of Ka Haku Road and Wylie Road, Princeville, Kauai, Hawaii.

TAX MAP KEY: FOURTH DIVISION: 5-4-5-3.

ZONING: R-10.

DEVELOPER: Inter-Island Builders And Developers, Ltd., a Hawaii corporation, Suite 3704, 1750 Kalakaua Avenue, Honolulu, Hawaii, 96826, Telephone: 955-3727; Officers: David C. Anderson, President/Treasurer, and Jeanne A. Anderson, Vice President/Secretary.

ATTORNEY REPRESENTING DEVELOPER: Hamilton, Gibson, Nickelsen, Rush & Moore (Attention: Walter Beh, II), 20th Floor, Hawaii Building, 745 Fort Street, Honolulu, Hawaii 96813, Phone: 521-2611.

DESCRIPTION: The proposed Declaration of Horizontal Property Regime and plans submitted by the Developer indicate a leasehold condominium project consisting of twenty-six (26) apartments contained in five (5) two-story buildings, and six (6) one-story buildings, without basements, constructed principally of wood and gypsum board.

The location and description of the various apartments of the project are as set forth in the Exhibit attached to this Preliminary Public Report.

The apartments have immediate access to a stairway which leads to the grounds of the project.

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter or party 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 or party walls, doors and door frames, windows and window frames, the inner decorated or finished surfaces of all walls, floors and ceilings, and all fixtures originally installed therein.

COMMON ELEMENTS: One (1) freehold estate is designated in all remaining portions of the project, herein called the "common elements", including specifically but not limited to:

1. The land in fee simple;
2. All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter, party and load-bearing walls, roofs, entries, stairways, walkways, entrances and exits of said buildings;
3. All yards, grounds and landscaping;
4. All parking areas, including without limitation the fifty-two (52) parking stalls depicted on the Condominium File Plan for the project.
5. Swimming pool;
6. All pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under and across the project which serve more than one apartment for services such as power, light, gas, water, sewer, telephone and television signal distribution, if any; and

7. Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

LIMITED COMMON ELEMENTS: No part of the common elements, herein called the "limited common elements", are designated or set aside for the exclusive use of certain apartments.

INTEREST TO BE CONVEYED TO PURCHASERS: Documents filed with the Real Estate Commission indicate that the purchaser will secure a Condominium Conveyance Document, consisting of an Apartment Deed conveying an Apartment and an undivided 1/26th fractional (a 3.8461+ percentage) interest in the common elements of the buildings, and a Ground Lease demising the same undivided interest in the lands of the project, and the same proportionate share of all common profits and expenses of the project and shall be used for all other purposes including voting.

NOTE: The Condominium Conveyance Document indicates that the Lessor has appointed a corporate agent to act as sole and exclusive agent for the Lessor. The compensation to the corporate agent for services rendered on behalf of the Lessor is to be paid by the Lessee.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The proposed Declaration provides that, except when a mortgagee has entered into possession of an apartment following (i) a default under a first mortgage, (ii) a foreclosure proceeding, or (iii) a conveyance in lieu of foreclosure, the apartments shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests, and for no other purpose; except that the apartments may also be rented for transient or hotel purposes. The owners of the respective apartments shall have the absolute right to lease such apartments subject to all provisions of the Declaration and the By-Laws attached thereto.

OWNERSHIP OF TITLE: A Preliminary Report issued on December 26, 1978 by Long & Melone, Ltd., as submitted to the Commission, indicates that the fee simple owner of the property to be submitted to the regime is CONSOLIDATED OIL & GAS, INC., a Colorado corporation. Consolidated Oil & Gas, Inc. has entered into an unrecorded agreement dated November 13, 1978 with David C. Anderson and Jeanne A. Anderson, husband and wife, for the sale of the property. The Andersons have entered into a letter agreement with the Developer agreeing to lease the property to the Developer upon completion of the purchase of the property. Copies of said agreements have been supplied to the Commission.

ENCUMBRANCES AGAINST TITLE: Said Preliminary Report dated December 26, 1978, issued by Long & Melone, Ltd., and other information supplied to the Commission provides that the following are encumbrances against title to the property:

1. For any taxes that may be due and owing and a lien on the land, reference is hereby made to the Office of the Tax Assessor of the Fourth Division, County of Kauai, Hawaii.

2. Declaration of Restrictions, Covenants and Conditions by Eagle County Development Corporation, now Consolidated Oil & Gas, Inc., dated March 1, 1971, and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 7444, Page 93, as amended.

NOTE: All apartment owners are subject to, bound by, and shall comply with the provisions of the Declaration of Restrictions, Covenants and Conditions and to become a member of the Princeville at Hanalei Community Association and subject to a monthly assessment of association dues (currently estimated to be \$20.00 per month per apartment).

3. Water and Sanitation Assessment and Lien by Kauai County Public Improvement Corporation and Eagle County Development Corporation dated April 7, 1971, and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 7486, Page 292, as supplemented and amended.

NOTE: 1. There is a reservation unto CONSOLIDATED OIL & GAS, INC., its successors and assigns, of an easement for electrical, telephone, communication, gas, sewer, water and drainage facilities over, under, across, along and through Road A and all roadways shown on File Plans 1179, 1360 and 1431 together with the right to enter on the roadway lots for the maintenance, repair and replacement of the facilities, together also with the right to grant from time to time to the State of Hawaii, County of Kauai, or to any other appropriate governmental authority, or to any public utility corporation, Kauai County Public Improvement Corporation, easements for such purposes under such terms and conditions required by the grantee or grantees of such easements.

2. The Developer advises it plans to grant utility easements over portions of the lands of the project.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated February 9, 1979, between Title Guaranty Escrow Services, Inc., as Escrow, and Developer has been filed with the Commission. On examination, the executed Escrow Agreement filed with the Commission is found to be in compliance with Chapter 514A, Hawaii Revised Statutes, and particularly Sections 514A-39, 514A-63 through 514A-66 thereof.

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

1. "The Construction Contract for the project will contain an agreement by the Contractor that it will promptly correct any of its work found to be defective or not in conformance with its Construction Contract, for a period of one (1) year after the "Date of Substantial Completion" as defined in the standard form AIA Construction Contract. Seller agrees that if the Buyer informs Seller of any construction within Buyer's Apartment which does not conform to those standards within 330 days after the "Date of Substantial Completion" as defined in said Construction Contract, that Seller will direct and will employ all reasonable efforts to have the Contractor correct any such fault(s) or defect(s) pursuant to its agreement with Seller; provided, however, that written notice thereof shall be given to Seller by Buyer within said 330 day period."

"Except for the agreement set forth above, it is expressly understood and agreed by and between Seller and Buyer that Buyer's apartment will be conveyed to Buyer "AS IS" and that THERE ARE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS OF THE APARTMENT FOR A PARTICULAR PURPOSE, involved in the sale."

2. "Buyer agrees for the sole benefit of Seller that until Seller has closed out the sale of all the apartments in the condominium project or until December 31, 1981, whichever shall first occur, that Buyer will not enter into any "rental pool" or similar agreement with any purchaser, lessee or owner of another apartment in the condominium project and/or any third party under which Buyer agrees to share expenses and/or rentals of apartments in the condominium project."

3. "The parties understand and agree that the estimated completion date of the project, April 1980, is an approximate date given to the best of the Seller's information and belief and that Buyer recognizes that such date may vary either by having the completion date extended or by completing construction prior to the estimated completion date. If the project is not completed and ready for occupancy on or before twelve (12) months after the estimated completion date, the obligations of both Buyer and Seller hereunder, at the sole option of Seller, shall terminate and all sums paid by Buyer shall be refunded without interest, and Seller shall be relieved and released of all further liability hereunder."

4. "Final closing shall occur on the Date of Closing as defined herein. However, Buyer is hereby advised that Seller intends to preclose, regardless of the status of the construction of the apartments, by having all documents necessary for closing executed prior thereto and deposited with Escrow, and Buyer hereby agrees to execute all necessary documents for such closing, including irrevocable escrow instructions, upon request by Seller."

5. "At the time of the preclosing, Buyer agrees to pay into escrow all sums due from Buyer at closing, including all sums to be paid by Buyer under Paragraph "C", "D" and "F-11" of the Sales Contract, excluding only the mortgage proceeds, if applicable, which mortgage proceeds Buyer hereby authorizes Escrow to collect as of the Date of Closing. Simple interest at the rate of five and one-fourth percent (5-1/4%) per annum earned on valid funds collected at such preclosing shall be disbursed by Escrow to Buyer within ten (10) working days after recordation of the applicable conveyance document."

6. "In the event any payment to be made by Buyer hereunder is not made when due, such payment shall bear interest at the rate of one percent (1%) per month until paid."

7. "In the event less than thirteen (13) apartments are sold prior to November 30, 1979, Seller may at its option cancel the Agreement, in which event Seller will cause Escrow to refund all monies paid by Buyer, without interest, and less Escrow's cancellation fee and Seller shall be relieved and released of all further liability hereunder. In the event development and construction of the project is delayed due to governmental restrictions or regulations enacted after the date of the Agreement, or by occurrence of a contingency, the nonoccurrence of which was a basic assumption on which this Agreement was made, and Seller determines that increases in development and construction costs because of such delay require increases in Apartment sales prices to maintain financial feasibility of the project, then and in any such event Seller may at its option terminate the Agreement and cause Escrow to refund to Buyer all monies paid, without interest, and less Escrow's cancellation fee, and Seller shall be released from all liability hereunder, provided, however, that Seller shall offer to Buyer the first right to execute a new reservation agreement in a similar form at the increased Apartment unit price."

8. "Under the terms of this sale, Buyer will be assuming the obligation to pay the balance of the obligation secured by the Water and Sanitation Assessment Lien Agreement against the apartment covered hereby. . . ."

9. ""Seller is currently purchasing the lands of the project from Consolidated Oil & Gas, Inc., a Colorado corporation, under an unrecorded agreement dated November 13, 1978. Under the terms of the said purchase agreement, Consolidated is given a period of time to obtain a zoning permit for the project from the County of Kauai; and if it fails to do so, the purchase agreement shall become null and void. If this termination occurs, this contract shall likewise terminate, and Seller shall cause Escrow to refund to Buyer all monies previously paid, without interest, less the cost of any credit reports and all other costs including escrow charges incurred by Seller. Seller shall give written notice of

such termination to Buyer and a copy thereof shall be given to Escrow. The provisions of this paragraph shall become void and of no effect upon the earlier of the closing of the purchase of said land by Seller or the issuance of the Final Public Report for the project."

NOTE: PROSPECTIVE PURCHASERS SHOULD BE AWARE THAT THE SELLER'S MORTGAGE LOANS (CONSTRUCTION, RENEWALS AND EXTENSIONS) FOR THE PROJECT SHALL BE AND REMAIN AT ALL TIMES A SUPERIOR LIEN ON THE PROJECT, AND PURCHASERS INTENTIONALLY WAIVE AND SUBORDINATE THE PRIORITY OF LIEN UNDER THE SALES CONTRACT IN FAVOR OF THE MORTGAGE LOANS.

NOTE: DEVELOPER ADVISES THAT NO REPRESENTATION OR REFERENCES WILL BE MADE TO EITHER PURCHASERS OR PROSPECTIVE PURCHASERS CONCERNING RENTAL OF THE APARTMENT, INCOME FROM THE APARTMENT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE RENTAL OF THE APARTMENT, INCLUDING BUT NOT LIMITED TO, ANY REFERENCE OR REPRESENTATION TO THE EFFECT THAT DEVELOPER OR THE MANAGING AGENT OF THE PROJECT WILL PROVIDE, DIRECTLY OR INDIRECTLY, ANY SERVICES RELATING TO THE RENTAL OR SALE OF THE APARTMENT. RENTAL OF THE APARTMENTS AND THE PROVISIONS OF MANAGEMENT SERVICES IN CONNECTION THEREWITH IS AND SHALL BE THE SOLE RESPONSIBILITY OF THE PURCHASER.

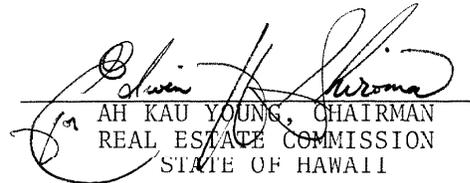
It is incumbent upon the purchaser and the prospective purchaser that he read with care the Sales Contract and the executed Escrow Agreement. The latter establishes how the proceeds from the sale of apartments are placed in trust, as well as the retention and disbursement of said trust funds. The specimen Sales Contract specifically provides that the purchaser approves said Escrow Agreement and assumes the benefits and obligations therein provided.

MANAGEMENT OF THE PROJECT: The By-Laws which are incorporated in the Declaration provide that the operation of the project shall be conducted for the Association of Apartment Owners under the direction of the Board of Directors by a responsible managing agent. The specimen Sales Contract provides that the Developer may appoint the initial managing agent for the project. The Developer indicates that it proposes to appoint as said initial managing agent: Aaron M. Chaney, Inc.

STATUS OF PROJECT: The Developer advises that it estimates construction of the project will begin in May, 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 February 13, 1979, and information subsequently filed as of February 26, 1979.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1091 filed with the Commission on February 13, 1979. This report when reproduced shall be a true copy of the Commission's Public Report. The paper stock used in making facsimiles must be yellow.


AH KAU YOUNG, CHAIRMAN
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING COMMISSION, COUNTY OF KAUAI
FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT

REGISTRATION NO. 1091

March 5, 1979

EXHIBIT

TYPE AND NUMBERING OF BUILDINGS:

1. Building Nos. 1, 4, 6, 8, 10, and 11 are one-story buildings.
2. Building Nos. 2, 3, 5, 7 and 9 are two-story buildings.

LOCATION OF APARTMENTS:

1. Apartment No. 101 is located in Building No. 1.
2. Apartment Nos. 102 and 103 are located on the first floor of Building No. 2.
3. Apartment Nos. 202 and 203 are located on the second floor of Building No. 2.
4. Apartment Nos. 104 and 105 are located on the first floor of Building No. 3.
5. Apartment Nos. 204 and 205 are located on the second floor of Building No. 3.
6. Apartment No. 106 is located in Building No. 4.
7. Apartment Nos. 107 and 108 are located on the first floor of Building No. 5.
8. Apartment Nos. 207 and 208 are located on the second floor of Building No. 5.
9. Apartment No. 109 is located in Building No. 6.
10. Apartment Nos. 110 and 111 are located on the first floor of Building No. 7.
11. Apartment Nos. 210 and 211 are located on the second floor of Building No. 7.
12. Apartment No. 112 is located in Building No. 8.
13. Apartment Nos. 113 and 114 are located on the first floor of Building No. 9.
14. Apartment Nos. 213 and 214 are located on the second floor of Building No. 9.
15. Apartment No. 115 is located in Building No. 10.
16. Apartment No. 116 is located in Building No. 11.

TYPE AND DESCRIPTION OF UNITS:

1. Unit Type "A": Five (5) apartments, being Apartment Nos. 102, 104, 107, 110 and 113 are built according to this floor plan consisting of five (5) rooms, including a living room, a bedroom, two (2) bathrooms and a kitchen, and containing a floor area of approximately 1,058 square feet.
2. Unit Type "A1": Five (5) apartments, being Apartment Nos. 103, 105, 108, 111 and 114, are built according to this floor plan consisting of five (5) rooms, including a living room, a bedroom, two (2) bathrooms and a kitchen, and containing a floor area of approximately 1,058 square feet.
3. Unit Type "B": Five (5) apartments, being Apartment Nos. 202, 204, 207, 210 and 213, are built according to this floor plan consisting of five (5) rooms, including a living room, a bedroom, two (2) bathrooms and a kitchen, and containing a floor area of approximately 1,058 square feet.
4. Unit Type "B1": Five (5) apartments, being Apartment Nos. 203, 205, 208, 211 and 214, are built according to this floor plan consisting of five (5) rooms, including a living room, a bedroom, two (2) bathrooms and a kitchen, and containing a floor area of approximately 1,058 square feet.
5. Unit Type "C": Six (6) apartments, being Apartment Nos. 101, 106, 109, 112, 115 and 116 are built according to this floor plan consisting of five (5) rooms, including a living room, a bedroom, two (2) bathrooms and a kitchen, and containing a floor area of approximately 1,058 square feet.

NOTE: IN ACCORDANCE WITH LOCAL PRACTICE, THE APPROXIMATE GROSS FLOOR AREA OF EACH APARTMENT AS SET FORTH ABOVE INCLUDES ALL OF THE WALLS AND PARTITIONS WITHIN ITS PERIMETER WALLS, THE ENTIRETY OF ITS PERIMETER NON-PARTY WALLS AND THE INTERIOR HALF OF ITS PERIMETER PARTY WALLS, WHETHER LOAD-BEARING OR NON-LOAD BEARING.