



REAL ESTATE COMMISSION  
STATE OF HAWAII  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
PROFESSIONAL & VOCATIONAL LICENSING DIVISION  
1010 Richards Street  
P. O. Box 3469  
Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

on

THE CLIFFS AT PRINCEVILLE

(Registration of Apartments 1109, 2110, 2209, 2301,  
3103, 3202, 3203, 4102, 4104, 4203, 5104, 5204, 5206,  
5207, 5303 and 5304)

Princeville, Kauai, Hawaii

Registration No. 1092

(SECOND SUPPLEMENTARY)

Issued: August 27, 1986

Expires: September 27, 1987

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of August 14, 19 86 and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

- PRELIMINARY:  
(yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
- FINAL:  
(white) The developer has legally created a condominium and has filed complete information with the Commission. This report must be read together with \_\_\_\_\_
- SUPPLEMENTARY:  
(pink) Changes information contained in the  
[ X ] Prelim. Public Report dated April 12, 1979  
[ X ] Final Public Report dated September 25, 1979  
[ ] Supp. Public Report dated \_\_\_\_\_
- And [ X ] Supersedes all prior public reports regarding the above des-  
[ ] Must be read together with \_\_\_\_\_ inated apartments.

**Summary of Changes from Earlier Public Reports:**

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

1. THE CLIFFS AT PRINCEVILLE is an existing condominium and the Real Estate Commission issued a Preliminary Public Report on April 12, 1979 and a Final Public Report on September 25, 1979.

2. On August 25, 1983, the Real Estate Commission issued a Supplementary Public Report for the registration of Apartments 1110, 1204, 1210, 3307, 5107, 5203, 5208, 6102, 6105, 6106, 6202, 6203, 6204, 6206, 6305, 8102, 8202, 8206, 8301, 8302, and 9301 only.

3. This Supplementary Public Report recapitulates and/or amends all disclosures made in the Preliminary and Final Public Reports, becoming a part of THE CLIFFS AT PRINCEVILLE registration. The Owner/Developer shall be responsible for placing a true copy of the Preliminary Public Report (yellow paper stock) in the hands of only those purchasers and prospective purchasers who affirmatively request these reports.

4. This Supplementary Public Report, dated August 27, 1986, is only for the registration of Apartments 1109, 2110, 2209, 2301, 3103, 3202, 3203, 4102, 4104, 4203, 5104, 5204, 5206, 5207, 5303 and 5304. The Owner/Developer shall be responsible for placing this Supplementary Public Report (pink paper stock) in the hands of all purchasers and prospective purchasers and for receiving a signed copy of the receipt therefor.

## TABLE OF CONTENTS

	page
Report Purpose .....	1
Type of Report .....	1
Summary of Changes from Earlier Public Reports .....	2
Table of Contents .....	3
General Information on Condominiums .....	4
Summary of the Condominium Project .....	5
I. PEOPLE CONNECTED WITH THE PROJECT .....	6
Developer	Managing Agent
Real Estate Sales Agent	Attorney for Developer
Escrow Company	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration .....	7
B. Condominium Map (File Plan) .....	7
C. Bylaws .....	7
D. House Rules .....	8
E. Changes to Condominium Documents .....	8
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer .....	9
B. Underlying Land .....	10
C. Buildings and Other Improvements .....	10
D. Common Elements, Limited Common Elements, Common Interest .....	14
E. Encumbrances Against Title .....	15
F. Management of the Common Elements .....	15
G. Maintenance Fees .....	16
H. Separate Utility Charges .....	16
I. Construction Warranties .....	16
J. Status of Construction .....	17
K. Project Phases .....	17
L. Sales Documents Filed with the Real Estate Commission .....	17
IV. ADDITIONAL INFORMATION NOT COVERED ABOVE .....	18
Buyer's Right to Cancel Sales Contract .....	19
Signature of Real Estate Commission Chairman .....	20
EXHIBIT A: COMMON ELEMENTS	
EXHIBIT B: LIMITED COMMON ELEMENTS	
EXHIBIT C: COMMON INTERESTS	
EXHIBIT D: ENCUMBRANCES AGAINST TITLE	
EXHIBIT E: ESTIMATE OF INITIAL MAINTENANCE FEES AND ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS	
EXHIBIT F: MONTHLY LEASE RENTS	
EXHIBIT G: SUMMARY OF PROVISIONS OF SALES CONTRACT AND SUMMARY OF ESCROW AGREEMENT	
EXHIBIT H: SPECIAL USE RESTRICTIONS	

**Appendix I: People Connected with the Project**

Attached only if there are additions or changes to information contained in the body of the report.

## GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's "Horizontal Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

Common elements are the areas of the condominium other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominiums, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called limited common elements and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented or encumbered, and they may be disposed of by will or gift.

Your apartment will, however, be part of the group of apartments that comprise the condominium. Study the Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

### Operation of the Condominium

The Association of Apartment Owners is the means through which apartment owners may take action with regard to the administration, management, and operation of the condominium. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your control of the administration and operation of the condominium will in most cases be limited to your right to vote as an owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.



I. PEOPLE CONNECTED WITH THE PROJECT

Developer: CAP Development Corporation Phone: 521-8971  
Name (Business)  
567 South King Street, Suite 304  
Business Address  
Honolulu, Hawaii 96813  
See Part IV for Additional Information  
**Names of officers or general partners of developers who are corporations or partnerships:**  
George F. Hutton - President & Treasurer  
Charles J. Pankow - Vice President  
James Farrell - Secretary

Real Estate Sales Agent: CPA Realty, Inc. Phone: 521-8971  
Name (Business)  
567 South King Street, Suite 304  
Business Address  
Honolulu, Hawaii 96813

Escrow: Hawaii Escrow & Title, Inc. Phone: 536-0091  
Name (Business)  
850 Richards Street, 4th Floor  
Business Address  
Honolulu, Hawaii 96813

Managing Agent: Colony Resorts, Inc. Phone: 526-3072  
Name (Business)  
32 Merchant Street  
Business Address  
Honolulu, Hawaii 96813

Attorney for Developer: Robert E. Warner, Atty at Law, A Law Corp.  
Name  
Suite 1190, Pacific Tower, 1001 Bishop Street  
Business Address  
Honolulu, Hawaii 96813

Appendix I may be attached to this report. If so, it will list additional people connected with the project or changes that may have been made to the above information after this public report was issued.

**II. CREATION OF THE CONDOMINIUM;  
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances or filing with the Land Court a Declaration of Horizontal Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

- A. Declaration of Horizontal Property Regime contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium.

The Declaration for this condominium is:

Proposed  
 Recorded — Bureau of Conveyances — Book 13930 Page 690  
 Filed — Land Court — Document Number \_\_\_\_\_

Amendment date(s) and recording/filing information:

<u>Dated</u>	<u>Recorded</u>	<u>Book</u>	<u>Page</u>
March 19, 1980	March 20, 1980	14587	114
June 18, 1984	June 29, 1984	17982	256

- B. Condominium Map (File Plan) shows the elevation and layout of the condominium. It also shows the floor plan for each apartment.

The Condominium Map for this condominium is:

Proposed  
 Recorded — Bureau of Conveyances — Map No. 636  
 Filed — Land Court — File Plan No. \_\_\_\_\_

Amendment date(s) and recording/filing information:

- C. Bylaws of the Association of Apartment Owners govern the operation of the condominium. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the way in which meetings will be conducted, and other matters which affect how the condominium will be governed.

The Bylaws for this condominium are:

Proposed  
 Recorded — Bureau of Conveyances — Book 13930 Page 690 (starting at page 744)  
 Filed — Land Court — Document Number \_\_\_\_\_

Amendment date(s) and recording/filing information:

D. House Rules. The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. They do not need to be recorded or filed to be effective. The initial house rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed       Adopted

Developer does not plan to adopt house rules.

E. Changes to Condominium Documents

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are recorded or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. Apartment Owners: Minimum percentage of apartment owners who must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>75%</u>
Bylaws	65%	<u>75%</u>
House Rules	—	<u>                    </u>

The percentages for individual condominium projects may be more than the minimum set by law.

2. Developer: The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules: N/A

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the underlying land will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the underlying land will be leasehold.

Lease Term Expires: \_\_\_\_\_  
 Rent Renegotiation Date(s): \_\_\_\_\_  
 \_\_\_\_\_

Lease Rent Payable:  Monthly  Quarterly  
 Semi-Annually  Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  
 Month  Year.

Individual Apartments in Fee Simple, Underlying Land in Leasehold or Subleasehold:

The leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners) either (1) remove or dispose of the building and other improvements; or (2) convey the building and improvements to the lessor at a specified price.

Exhibit N/A contains further explanations.

Lease Term Expires: December 31, 2045  
 Rent Renegotiation Date(s): January 1, 2011; January 1, 2021; January 1, 2031;  
January 1, 2041

Lease Rent Payable:  Monthly  Quarterly  
 Semi-Annually  Annually

Exhibit F contains a schedule of the lease rent for each apartment per  
 Month  Year.

Other:

For Subleaseholds:

- Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is  
 Cancelled  Foreclosed.
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

B. Underlying Land:

Land Area: 21.162 ~~square feet~~ acres      Zoning: R-10

Fee Owner: Ralph D. Cornuell, Trustee under Declaration of Trust dated July 17, 1979 and recorded in the Bureau of name Conveyances of the State of Hawaii at Liber 13852, Page 542  
841 Bishop Street, Suite 1808  
address  
Honolulu, Hawaii 96813

Sublessor: \_\_\_\_\_  
name  
\_\_\_\_\_  
address  
\_\_\_\_\_

C. Buildings and Other Improvements:

1.  New Construction       Conversion of Existing Building  
 Both New Construction and Conversion

2. Buildings: 9      Floors Per Building: 3 stories

3. Principal Construction Material:

- Concrete       Hollow Tile       Wood  
 Other Steel, Monier Roof Tile

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input checked="" type="checkbox"/> Commercial	<u>2</u>	<input type="checkbox"/> Industrial	_____
<input checked="" type="checkbox"/> Residential	<u>202</u>	<input type="checkbox"/> Agricultural	_____
<input checked="" type="checkbox"/> Timeshare/Hotel *	<u>202</u>	<input type="checkbox"/> Recreational	_____
<input type="checkbox"/> Other:	_____		_____

5. Special Use Restrictions:

The Declaration, Bylaws, and House Rules may contain restrictions on the use and occupancy of apartments. Restrictions for this condominium include but are not limited to:

- Pets: See Exhibit H  
 Number of Occupants: Two persons per bedroom except this occupancy may be exceeded by members of the immediate family of the owner, renter or lessee.  
 Other: See Exhibit H

\* The units being sold by the Developer are in a Time Share Program. If you are a time share buyer, you are referred to the restrictions on use contained in the documents creating and governing that Program.

6. Interior (fill in appropriate numbers):

Total Apartments 202 Residential/2 Commercial

Elevators None Stairways 44 Trash Chutes None

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
A	<u>36</u>	<u>1/2</u>	<u>963.5</u>	<u>255</u>
A-Loft	<u>18</u>	<u>1/2 + Loft</u>	<u>1282</u>	<u>255</u>
B	<u>88</u>	<u>1/2</u>	<u>917</u>	<u>215.5</u>
B-Loft	<u>52</u>	<u>1/2 + Loft</u>	<u>1231</u>	<u>215.5</u>
C-1	<u>1</u>	<u>-</u>	<u>1920</u>	<u>1776</u>
C-2	<u>1</u>	<u>-</u>	<u>1344</u>	<u>960</u>
D	<u>8</u>	<u>4/4</u>	<u>1864</u>	<u>401</u>

\*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining floor area may have been used.

**Boundaries of Each Apartment:** The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls, the floors and ceiling 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, any doors, windows or panels along the perimeters, and all fixtures originally installed therein. Each apartment shall also include the lanai to which the apartment has direct, exclusive access.

**Permitted Alterations to Apartments:** Before making any alterations, the owner of the apartment must get the prior written consent of (1) the Board of Directors of the Association of Apartment Owners and (2) the Fee Owner.

7. Parking Stalls:

	<u>Number of Stalls</u>
Assigned Stalls (For Individual Units)	-
Guest Stalls	-
Unassigned Stalls	<u>335</u>
Other: _____	-
<b>Total Parking Stalls</b>	<u>335</u>

Each apartment will have the exclusive use of at least N/A parking stall(s).

Buyers are encouraged to find out which stall(s) will be available for their use.

	regular	compact	tandem
Number of covered stalls	_____	_____	_____
Number of open stalls	<u>335</u>	_____	_____

Commercial parking garage permitted on condominium.

Exhibit A contains additional information on parking stalls for this condominium.

8. Recreational and Other Common Facilities:

- |   |                                       |
|---|---------------------------------------|
| <input checked="" type="checkbox"/> Swimming pool                       | <input type="checkbox"/> Storage Area |
| <input checked="" type="checkbox"/> Recreation <del>Area</del> Building | <input type="checkbox"/> Laundry Area |
| <input checked="" type="checkbox"/> Tennis Court                        | <input type="checkbox"/> Trash Chute  |
| <input type="checkbox"/> Other: _____                                   |                                       |
| _____   |                                       |

9. Present Condition of Improvements N/A  
 (For conversions of residential apartments in existence for five years):

a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

b. Compliance with Building Code and Municipal Regulations; Cost to Cure Violations

10. Conformance to Present Zoning Code N/A

a.  No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot (for conversions only)

	<u>Conforming</u>	<u>Non-Conforming</u>	
		<u>Legal</u>	<u>Illegal</u>
Uses	_____	_____	_____
Structures	_____	_____	_____
Lot	_____	_____	_____

If a variance has been granted or if uses, improvements, or lot are either legal non-conforming or illegal non-conforming, buyer should consult with county zoning authorities as to possible limitations which may apply.

**D. Common Elements, Limited Common Elements, Common Interest:**

1. **Common Elements:** Common Elements are those parts of the condominium intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit   A   describes the common elements.

2. **Limited Common Elements:** Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments. The limited common elements and the apartment which may use them are:

described in Exhibit   B  

as follows:

3. **Common Interest:** Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

Exhibit   C   describes the common interests for each apartment covered by this Supplementary Report.

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property.

Exhibit D describes the encumbrances against the title contained in the title report dated July 11, 1986.

Blanket Liens:

- There are no blanket liens affecting title to the individual apartments.  
 There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Mortgage	No effect -- Mortgage must be released before closing and release of buyer's funds from escrow. If mortgage is not released, sale may be cancelled and funds returned to buyer.

F. Management of the Common Elements: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium. The Association may be permitted, and in some cases may be required, to employ or retain a managing agent to assist the Association in managing the condominium.

Initial Managing Agent: When the developer or the developer's affiliate is the initial managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial managing agent for this condominium is:

- not affiliated with the Developer.  
 the Developer or the Developer's affiliate.  
 other \_\_\_\_\_

**G. Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium. If you are late in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided to each apartment.

Exhibit  E  contains a schedule of maintenance fees and maintenance fee disbursements.

**H. Separate Utility Charges for Apartments:**

Except for the utilities indicated below, each apartment will be billed separately for utilities:

- |                                      |   |
|--------------------------------------|---|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable         |
| <input type="checkbox"/> Gas         | <input checked="" type="checkbox"/> Water & Sewer |
| <input type="checkbox"/> Other _____ |   |

**I. Construction Warranties**

1. Building and Other Improvements: None

2. Appliances: None .

The Condominium was built in 1980. Purchasers will be buying an apartment "as is". PURCHASERS UNDERSTAND AND AGREE, EXCEPT AS PROHIBITED BY EXPRESS PROVISION OF LAW, THE DEVELOPER IS NOT GIVING ANY WARRANTIES, EXPRESSED OR IMPLIED ON AN APARTMENT, THE CONDOMINIUM, OR ANYTHING INSTALLED IN THEM. PURCHASERS DO NOT HAVE: (A) ANY WRITTEN WARRANTIES; OR (B) ANY WARRANTIES THAT THE LAW MIGHT OTHERWISE GIVE. FOR SOME EXAMPLES, PURCHASERS DO NOT HAVE ANY WARRANTY OF MERCHANTABILITY; OR FITNESS FOR PARTICULAR PURPOSE; OR HABITABILITY; OR WORKMANLIKE CONSTRUCTION; OR SUFFICIENCY OF DESIGN; OR ANY OTHER WARRANTY. This also means that Purchasers cannot complain against the Developer or force the Developer to fix any defects. It makes no difference what caused the defect or when it was discovered. The Developer does not have to fix it or pay for it to be fixed.

PURCHASERS ALSO GIVE UP (IN LEGAL TERMS - RELEASE AND DISCHARGE) ALL CLAIMS AGAINST THE DEVELOPER OVER ANY DEFECTS. THIS INCLUDES ANY CLAIMS FOR NEGLIGENCE. PURCHASERS ALSO AGREE THAT THE DEVELOPER HAS NO LIABILITY FOR ANY INJURY OR DAMAGE TO PEOPLE OR THINGS WHICH MIGHT BE CAUSED BY ANY DEFECT. PURCHASERS ALSO RELEASE AND DISCHARGE THE DEVELOPER FROM THIS KIND OF LIABILITY.

J. Status of Construction and Estimated Completion Date Construction was completed in 1980.

K. Project Phases:

The developer  has  has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's Present Plans for Future Development: N/A

L. Sales Documents Filed with the Real Estate Commission:

Notice to Owner Occupants

Specimen Sales Contract

Exhibit G contains a summary of the provisions of the sales contract.

Escrow Agreement dated August 4, 1986 with Hawaii Escrow & Title, Inc. and Seller

Exhibit G contains a summary of the provisions of the escrow agreement.

Other Specimen Assignment of Condominium Conveyance Document

#### **IV. ADDITIONAL INFORMATION NOT COVERED ABOVE**

Developer: For the purposes of this Registration, CAP Development Corporation ("CAP") is considered the Developer with respect to the apartments in the Condominium listed on page 1 of this Report and which are being offered for sale pursuant to this Report. However, CAP did not build the Condominium or establish the Condominium Documents, and there are other apartments in the Condominium which are not owned by CAP and which are not being offered for sale pursuant to this Report.

**Buyer's Right to Cancel Sales Contract:**

**A. Rights Under the Condominium Statute:**

**Preliminary Report:** Sales made by the Developer are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

**Supplementary Report to a Preliminary Report:** Same as for Preliminary Report.

**Final Report, Supplementary Report to a Final Report:** Sales made by the Developer are binding if:

1. The Developer delivers a copy of the Final Public Report and all prior public reports not previously delivered to the buyer; and
2. The buyer is given an opportunity to read the reports; and
3. One of the following has occurred:
  - a. The buyer has signed a receipt for the reports and waived the right to cancel; or
  - b. Thirty (30) days have passed from the time the reports were delivered to the buyer; or
  - c. The apartment is conveyed to the buyer within 30 days from the date the reports were delivered to the buyer.

**Material Change:** Binding contracts with the Developer may be rescinded by the buyer if:

1. There is a material change in the condominium which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; and
2. The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

**B. Rights Under the Sales Contract:**

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Declaration of Horizontal Property Regime.
2. Bylaws of the Association of Apartment Owners.
3. House Rules.
4. Escrow Agreement.
5. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 18-107, adopted by the Real Estate Commission).
6. Other \_\_\_\_\_

If these documents are not in final form, the buyer should ask to see the most recent draft.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law are available for \$ 2.50 at the Department of Commerce and Consumer Affairs.

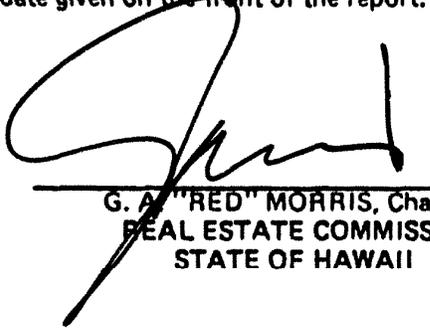
This Public Report is a part of Registration No. 1092 filed with the Real Estate Commission on August 7, 1986.

The Developer is responsible for delivering a true copy of this report to all purchasers and prospective purchasers and for securing a signed receipt for the report. When reproduced, this report must be on:

yellow paper stock                       white paper stock                       pink paper stock

Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the date of issuance unless a Supplementary Public Report is issued or unless the Commission issues an order extending the effective period for the report.

Supplementary Public Reports expire on the expiration date given on the front of the report.



G. A. "RED" MORRIS, Chairman  
REAL ESTATE COMMISSION  
STATE OF HAWAII

Separate Disclosure Abstract on this condominium:

Required                       Not Required — disclosures covered in this report

Distribution:

Department of Finance, County of Kauai  
Bureau of Conveyances  
Planning Department, County of Kauai  
Federal Housing Administration  
Escrow Agent

EXHIBIT A

COMMON ELEMENTS

The common elements include the land and all improvements on the land (except for all portions thereof which are apartments) as well as all common elements mentioned in Chapter 514A, Hawaii revised Statutes, which are actually included in the Condominium, including specifically but not limited to:

(a) Said land (which is leased to apartment owners separately and apart from the conveyance or other transfer of the apartment);

(b) All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter and load-bearing walls, chases, entries, stairways, roofs and corridors.

(c) All yards, grounds, landscaping, retaining walls, planters, recreational facilities, swimming pool, tennis courts, and all refuse facilities.

(d) All parking areas and spaces, driveways, loading areas and walkways.

(e) All ducts, sewer lines, electrical equipment, central water heating systems, wiring, pipes and other central and appurtenant transmission facilities and installations on, over, under and across the Condominium which serve more than one apartment for services such as power, light, water, gas, sewer, telephone and radio and television signal distribution.

(f) 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;

(g) The limited common elements described in Exhibit B.

[NOTE: There are delineated on the Condominium Map 207 parking stalls which shall be unassigned. In addition, the areas immediately adjacent to these delineated spaces are available and provide space for an additional 128 unassigned stalls. The total parking stalls thus equals 335.]

EXHIBIT B

LIMITED COMMON ELEMENTS

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

(a) Exterior staircases, landings and entranceways shall be limited common elements for the exclusive use of the apartments they serve.

(b) All other common elements of the Condominium which are rationally related to less than all of said apartments shall be limited to the use of such apartments.

EXHIBIT C

COMMON INTEREST

<u>Apartment No.</u>	<u>Apartment Type</u>	<u>Percent of Common Interest</u>
1109	B	.42
2110	A	.45
2209	B	.42
2301	A-Loft	.57
3103	B	.42
3202	B	.42
3203	B	.42
4102	B	.42
4104	B	.42
4203	B	.42
5104	B	.42
5204	B	.42
5206	B	.42
5207	B	.42
5303	B-Loft	.53
5304	B-Loft	.53

EXHIBIT D

ENCUMBRANCES AGAINST TITLE

The Preliminary Title Reports dated July 11, 1986 issued by Hawaii Escrow & Title, Inc. indicates that the Developer's leasehold title to the apartments listed on page 1 of this report is subject to the following encumbrances.

1. Location of the seaward boundary in accordance with the law of the State of Hawaii, and shoreline setback line in accordance with County regulation and/or ordinance.
2. Declaration of Restrictions, Covenants and Conditions dated March 1, 1971, recorded in Liber 7444 at Page 93, and Declaration of Additional Land Annexed to Princeville at Hanalei dated April 30, 1979, recorded in Liber 13706 at Page 580.
3. A grant in favor of Kauai County Public Improvement Corporation, dated October 29, 1975, recorded in Liber 11034 at Page 88; granting an easement to construct, reconstruct, install, maintain, operate, repair and remove an underground water pipe line or pipe lines, as part of a water system, and an underground water pipe line or pipe lines, as part of a sewer system, through, under and across portions of the premises described above, said easement being designated as Easement "U-1", containing an area of 10,061 square feet.
4. A grant in favor Kauai Electric Division of Citizens Utilities Company and Hawaiian Telephone Company, dated December 16, 1974, recorded in Liber 10462 at Page 312; granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate underground lines, etc., and other appliances and equipment as may be necessary for the transmission and distribution of electricity to be used for light and power and/or communications and control circuits, etc., over, under, upon, across and through a portion of the land on which the Condominium is located, said easement being designated as easement "U-1".
5. A grant in favor of the County of Kauai, dated June 3, 1975, recorded in Liber 11267 at Page 276; granting an easement for pedestrian and access purposes over, under and across a portion of the land on which the Condominium is located, besides other land, said easement being designated as easement "P-3" (6 feet wide), and containing an area of 3,992 square feet.

6. Reservation in favor of Consolidated Oil & Gas, Inc., its successors and assigns, of Easement "D-3" (10.00 feet wide) for drainage purposes, said easement being more particularly described in the Condominium Declaration recorded in Liber 13930, Page 690.
7. Reservation contained in Deeds dated May 23, 1979, recorded in Liber 13706 at Page 587 and dated July 17, 1979, recorded in Liber 13852 at Page 497, to wit: "(2) Right to grant roadway easements over, across, along and upon the roadway lots shown on File Plan Nos. 1179 and 1360 and Roads A, C and D hereinabove described, to the purchaser, purchasers, lessee, lessees, owner or owners of each of the lots within Princeville at Hanalei and to any purchaser, purchasers, lessee, lessees, owner or owners of lots hereinafter created within Princeville at Hanalei."
8. Declaration of Horizontal Property Regime of The Cliffs at Princeville dated August 10, 1979, recorded in said Bureau in Liber 13930, Page 690, as amended from time to time, and the By-Laws, attached thereto, and Condominium Map No. 636.
9. Grant in favor of Citizens Utilities Company, a Delaware corporation dated March 12, 1980, recorded in Liber 14661 at Page 58; granting a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground lines, etc. for the transmission and distribution of electricity, etc., over, under, upon, across and through the land on which the Condominium is located.
10. Terms, easements, restrictions, agreements, reservations, covenants, conditions and provisions contained in the documents which created and govern the interval ownership program. The Declaration of Covenants, Conditions and Restrictions For The Cliffs Club Interval Ownership Program and the By-Laws were recorded in Book 16473, starting at Page 591 with an amendment recorded in Book 17240, starting at Page 508; and the Charter was granted by DCCA on July 22, 1982.
11. For real property taxes that may be due and owing, check with the Tax Assessor, Fourth Division.
12. Reservation to the State of Hawaii all mineral and metallic mines.
13. With respect to each apartment, the terms, easements, restrictions, agreements, reservations, covenants, conditions and provisions contained in the Condominium Conveyance Document covering that apartment, identified as follows:

Apartment No.	Condominium Conveyance Date Recorded	Document Book/Page
1109	March 2, 1981	15379/404
2110	March 2, 1981	15379/464
2209	March 2, 1981	15379/481
2301	March 2, 1981	15379/498
3103	March 2, 1981	15379/549
3202	March 2, 1981	15379/566
3203	March 2, 1981	15379/583
4102	March 2, 1981	15379/609
4104	March 2, 1981	15379/626
4203	March 2, 1981	15379/643
5104	March 2, 1981	15379/660
5204	March 2, 1981	15379/695
5206	March 2, 1981	15380/64
5207	March 2, 1981	15380/81
5303	March 2, 1981	15380/107
5304	April 15 1981	15381/628

The Developer has advised the Commission that whole apartments units will be conveyed subject to these encumbrances, except that real property taxes will be current as of the date of conveyance.

14. With respect to each apartment, the mortgage identified as follows:

Apartment No.	Date Recorded	Book/Page	AMOUNT OF MORTGAGE
1109	March 2, 1981	15379/413	\$108,700
2110	March 2, 1981	15379/473	116,600
2209	March 2, 1981	15379/490	121,600
2301	March 2, 1981	15379/507	138,200
3103	March 2, 1981	15379/558	98,050
3202	March 2, 1981	15379/575	100,300
3203	March 2, 1981	15379/592	100,300
4102	March 2, 1981	15379/618	106,850
4104	March 2, 1981	15379/635	106,850
4203	March 2, 1981	15379/652	108,300
5104	March 2, 1981	15379/669	132,800
5204	March 2, 1981	15379/704	137,650
5206	March 2, 1981	15380/73	137,650
5207	March 2, 1981	15380/90	136,850
5303	March 2, 1981	15380/116	115,850
5304	April 15 1981	15381/637	142,450

The Developer has advised the Commission that the applicable mortgage will be released before any conveyance of the apartment to a buyer.

EXHIBIT   E  

ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS

Estimate of Initial Maintenance Fees:

		<u>APARTMENT</u>		<u>Monthly x 12 months = Yearly Total</u>	
<u>Type of Unit</u>	<u># Units</u>	<u>Individual % Common Area Assessment</u>	<u>Total % Common Area Assessment</u>		
A	36	.45	16.20	\$ 166.82	= \$ 2,001.84
A Loft	18	.57	10.26	211.30	= 2,535.60
B	88	.42	36.96	155.70	= 1,868.40
B Loft	52	.53	27.56	196.47	= 2,357.64
C-1	1	1.42	1.42	526.40	= 6,316.80
C-2	1	.88	.88	326.22	= 3,914.64
D	8	.84	6.72	311.39	= 3,736.68
<b>Total</b>	<b>204</b>		<b>100.00</b>	<b>\$37,071.00</b>	<b>\$444,848.00</b>

[ ] Revised on \_\_\_\_\_

---

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements for their accuracy or sufficiency.

Estimate of Maintenance Fee Disbursements:

Monthly x 12 months = Yearly Total

Utilities and Services

Air Conditioning

Electricity

common elements only

common elements  
and apartments

\$ 2,500

= \$ 30,000

Gas

500

= 6,000

Refuse Collection

220

= 2,640

Telephone

190

= 2,280

Water and Sewer

5,125

= 61,500

Maintenance, Repairs and Supplies

Building

650

= 7,800

Grounds

1,080

= 12,960

Management

Management Fee

1,616

= 19,392

Payroll and Payroll Taxes

14,166 (average)

= 169,996

Office Expenses and Postage

275

= 3,300

Insurance

3,333

= 39,996

Reserves

1,536

= 18,432

Taxes and Government Assessments

30

= 360

Other

Dues - Princeville Assn.

13,900

Auto

75

= 900

Employee Relations

25

= 300

Vending Machine

=

Purchase

300

= 3,600

Travel

100

= 1,200

Uniforms

50

= 600

Maintenance Contracts

86

= 1,032

Cable TV

27

= 324

Small Furn. & Equip.

200

= 2,400

Equip. Maintenance/  
Rental

55

= 660

Contract Cleaning

657

= 7,884

Pest Control

386

= 4,632

Pool Supplies/Service

420

= 5,040

Data Processing

275

= 3,300

Depreciation

450

= 5,400

Estimate of Maintenance Fee Disbursements:

	<u>Monthly</u> x 12 months =	<u>Yearly Total</u>
Director Expense	75	= 900
Legal	20	= 240
Rental Expense	<u>1,490</u>	= <u>17,880</u>
Total	\$35,912*	\$444,848

\*Princeville Association Dues Not Included

I/We, Colony Rent, as managing agents for the condominium, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

Case Bergquist  
Date: August 21, 1986

Purchasers and prospective purchasers should understand that:

- (A) This information has been prepared by the Managing Agent, as Agent for the existing Association of Apartment Owners and has not been prepared by the Developer;
- (B) While the Condominium does have an operating history, the budget is an estimate of the common expenses that the project will incur during the year 1986, and that there is no assurance that actual expenses will not be more or less than that estimated; and
- (C) Additionally, even if these costs have been accurately estimated, common expenses will tend to increase over time because of the aging of the project and inflation and such other variables as uninsured casualty, loss or damage, increased or decreased services from those now contemplated.

The Developer does not promise that this information will reflect actual expenses and/or the full amount of maintenance assessments throughout the year 1986 or in subsequent years.

## EXHIBIT F

The Cliffs at Princeville  
Monthly Lease Rents\*

<u>Apartment No.</u>	<u>First Term Present thru 12/31/1990</u>	<u>Second Term 1/1/91 thru 12/31/2000</u>	<u>Third Term 11/1/2000 thru 12/31/2010</u>
1109	68.00	85.00	106.50
2110	75.00	92.50	115.00
2209	68.00	85.00	106.50
2301	82.50	103.50	129.50
3103	68.00	85.00	106.50
3202	68.00	85.00	106.50
3203	68.00	85.00	106.50
4102	89.50	112.00	140.00
4104	89.50	112.00	140.00
4203	89.50	112.00	140.00
5104	89.50	112.00	140.00
5204	89.50	112.00	140.00
5206	89.50	112.00	140.00
5207	89.50	112.00	140.00
5303	102.00	127.50	159.50
5304	102.00	127.50	159.50

\* The Lease Rents stated are before Gross Excise Tax, which must also be paid as additional rent.

EXHIBIT G

SUMMARY OF PROVISIONS OF SALES CONTRACT  
AND SUMMARY OF ESCROW AGREEMENT

Copies of the specimen Apartment Unit Sales Contract, Assignment of Condominium Conveyance Document and executed Escrow Agreement have been submitted as part of the registration. On examination, these documents are found to comply with the Condominium Act. The Escrow Agreement dated August 4, 1986, identifies Hawaii Escrow & Title, Inc. as the Escrow Agent for the handling of purchase money for apartment unit sales.

Among other provisions, the executed Escrow Agreement provides that a purchaser shall be entitled to a return of his funds, and Escrow shall pay such funds, without interest and without deducting any cancellation fee imposed by Escrow, promptly after request for return by purchaser if any of the following has occurred:

(a) Developer has requested Escrow in writing to return to purchaser the funds of purchaser then being held by Escrow; or

(b) Developer has notified Escrow in writing that Developer or purchaser has exercised the option to rescind the sales contract pursuant to any right of rescission stated therein; but if the option to rescind is exercised by Developer because of purchaser's failure to qualify for financing, Escrow shall return funds to purchaser without interest and less cost of any credit report, escrow cancellation fee and other costs incurred by Developer in processing such loan application.

Except as provided in subparagraph (b), upon cancellation and refund as provided above, Escrow shall be entitled to a flat fee from Developer of \$35.00.

It is incumbent upon the purchaser and prospective purchaser that he read with care these documents. The Escrow Agreement establishes how the proceeds from the sale of apartments are placed in trust, as well as the retention and disbursement of this trust fund.

EXHIBIT H

SPECIAL USE RESTRICTIONS

A. Pets. The By-Laws state: No livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the project except that dogs, cats and other household pets in reasonable number may be kept by the apartment owners and occupants in their respective apartments with the prior written approval of the Board but shall not be kept, bred or used therein for any commercial purpose nor allowed on any common elements except in transit when carried or on leash, provided that any such pets causing a nuisance or unreasonable disturbance to any other occupant of the project shall be permanently removed therefrom promptly upon notice given by the Board of Directors or Managing Agent.

The House Rules state: No livestock, poultry, rabbits or other animals whatsoever shall be kept in any part of the project, except that dogs, cats and other small household pets, in reasonable number, may be kept by the apartment owners and occupants in their respective apartments, with the prior written approval of the Board of Directors, but shall not be kept, bred or used therein for any commercial purpose, nor allowed on any common elements, except in transit, when carried, or on a leash. The Board of Directors reserves the right to limit the number and type of such household pets. Any such pet causing a nuisance or unreasonable disturbance to any other occupant of the building shall, upon notice given by the Board of Directors or Managing Agent, be immediately and permanently removed from the premises. All pets must be registered immediately upon arrival with the Resident Manager.

B. Other Restrictions. No fires or barbeques will be permitted on any apartment lanai.

The Declaration, By-Laws and House Rules and the form of Condominium Conveyance Documents contain further use restrictions, to which reference is made. For convenience, however, Section 3 of Article V of the By-Laws, which contains many use restrictions is attached to this Exhibit H.

Section 3 of Article V  
of  
Condominium Bylaws

Section 3.     Use of Project.

(a) The residential apartments of the project shall be used only for residential purposes, including hotel purposes if so approved by the Association, and the commercial apartments of the project shall be used only for commercial purposes, by the respective owners thereof, their tenants, licensees, families, domestic servants and social guests, and for no other purpose;

(b) All common elements of the project shall be used only for their respective purposes as designed;

(c) No apartment owner or occupant shall place, store or maintain in the halls, lobbies, stairways, walkways, grounds or other common elements of similar nature any furniture, packages or objects of any kind or otherwise obstruct transit through such common elements;

(d) Every apartment owner and occupant shall at all times keep his apartment in a strictly clean and sanitary condition and observe and perform all laws, ordinances, rules and regulations now or hereafter made by any governmental authority or the Association for the time being applicable to the use of the project;

(e) No apartment owner or occupant shall make or suffer any strip or waste or unlawful, improper or offensive use of his apartment or the project nor alter or remove any furniture, furnishings or equipment of the common elements;

(f) No apartment owner or occupant shall erect or place in the project any building or structure including fences and walls, nor make any additions or alterations to any common elements of the project, nor place or maintain thereon any signs, posters or bills whatsoever, except in accordance with plans and specifications including a detailed plot plan prepared by a licensed architect if so required by the Fee Owner, as defined in the Declaration, first approved in writing by the Fee Owner and also approved by a majority of apartment owners (or such larger percentage required by law or the Declaration) including all owners of apartments thereby directly affected, as determined by the Board;

(g) No apartment owner shall decorate or landscape any entrance, hallways, planting area or lanai appurtenant to his apartment except in accordance with standards therefor established by the Board of Directors or specific plans approved in writing by the Board;

(h) All occupants shall avoid making noises and using musical instruments, radios, televisions and amplifiers in such manner as may disturb other occupants;

(i) No garments, rugs or other objects shall be hung from the windows or facades of the project or otherwise displayed in public view;

(j) No rugs or other objects shall be dusted or shaken from the windows or doors of any apartment or cleaned by beating or sweeping on any walkways, patios, entries or other exterior part of the project;

(k) No refuse, garbage or trash of any kind shall be thrown, placed or kept on any common elements of the project outside of the disposal facilities provided for such purpose;

(l) No livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the project except that dogs, cats and other household pets in reasonable number may be kept by the apartment owners and occupants in their respective apartments with the prior written approval by the Board but shall not be kept, bred or used therein for any commercial purpose nor allowed on any common elements except in transit when carried or on leash, provided that any such pet causing a nuisance or unreasonable disturbance to any other occupant of the project shall be permanently removed therefrom promptly upon notice given by the Board of Directors or Managing Agent;

(m) No apartment owner or occupant shall without the written approval of the Board of Directors install any wiring for electrical or telephone installations, machines or air conditioning units, or other equipment or appurtenances whatsoever on the exterior of any building of the project or protruding through the walls, windows or roof thereof;

(n) No apartment owner or occupant shall erect, place or maintain any television or other antennas on the project visible from any point outside of his apartment;

(o) Nothing shall be allowed, done or kept in any apartments or common elements of the project which would overload or impair the floors, walls, or roofs thereof, or cause any increase in the ordinary premium rates or the cancellation or invalidation of any insurance thereon maintained by or for the Association; and

(p) Anything to the contrary notwithstanding, the Developer of the project may engage in real estate sales activities in such apartments or on the premises of the project for the purpose of selling such apartments. Such activities may continue only until all such apartments have been initially sold by the Developer.