

# 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

LUANA  
Princeville at Hanalei  
Hanalei, Kauai, Hawaii

REGISTRATION NO. 1110

### 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: August 6, 1979  
Expires: September 6, 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 purchaser or prospective purchaser is particularly directed to the following:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION FILED MARCH 29, 1979, AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF AUGUST 1, 1979. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF CHAPTER 514A, HAWAII REVISED STATUTES.

1. LUANA is a proposed fee simple condominium project to consist of thirty-four (34) three-story buildings, without basements, containing a total of two hundred sixty-eight (268) apartment units, including the Manager's Apartment which shall be a common element. There will be four hundred twenty-eight (428) parking stalls contained on the site of the project, of which 140 spaces will be unpaved.

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. No advertising matter has been filed pursuant to the rules and regulations promulgated by the Commission.

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

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 Regimes.

6. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, August 6, 1979, unless a Final 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 LUANA Condominium Project. The Developer has the responsibility of placing a true copy of this Preliminary Report (yellow paper stock) in the hands of all purchasers and prospective purchasers and securing a signed copy of the receipt for the Preliminary Public Report from each purchaser.

NAME OF PROJECT: LUANA

LOCATION: Princeville at Hanalei, Hanalei, Kauai, Hawaii, with approximately 23 acres committed to the Regime.

TAX MAP KEY: FIFTH DIVISION: 5-4-05-1 (Portion)

ZONING: R-15

DEVELOPER: Hartford Holdings, Ltd., a Hawaii corporation, the principal place of business and post office address of which is 7192 Kalaniana'ole Highway, Honolulu, Hawaii 96825. The officers of the Developer are: Vernon Barber - President, Warner L. Owen - Vice President, and Preston C. Read - Secretary and Treasurer.

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

DESCRIPTION:

1. Apartments. The proposed Declaration of Horizontal Property Regime and plans submitted by the Developer indicate a fee simple condominium project consisting of thirty-four (34) three-story buildings, without basements, constructed principally of concrete and wood and there will be two hundred sixty-eight (268) freehold estates designated in the spaces within the perimeter walls of each of the two hundred sixty-eight (268) apartment units (including Apartment 33-101 which shall be a common element) contained in the buildings, which spaces, together with appurtenant lanais, if any, are referred to herein as "apartments" and are designated on said plans and described as follows:

Apartments 1-101, 1-102, 1-103 and 1-104 are located on the first floor of Building 1 of the project;

Apartments 1-202, 1-203 and 1-204 are located on the second and third floors of Building 1 of the project;

Apartment 1-201 is located on the second floor of Building 1 of the project;

Apartments 2-101, 2-102, 2-103 and 2-104 are located on the first floor of Building 2 of the project;

Apartments 2-201 and 2-204 are located on the second floor of Building 2 of the project;

Apartments 2-202 and 2-203 are located on the second and third floors of Building 2 of the project;

Apartments 3-101, 3-102, 3-103 and 3-104 are located on the first floor of Building 3 of the project;

Apartments 3-201, 3-202 and 3-203 are located on the second and third floors of Building 3 of the project;

Apartment 3-204 is located on the second floor of Building 3 of the project;

Apartments 4-101, 4-102, 4-103 and 4-104 are located on the first floor of Building 4 of the project;

Apartments 4-202, 4-203 and 4-204 are located on the second and third floors of Building 4 of the project;

Apartment 4-201 is located on the second floor of Building 4 of the project;

Apartments 5-101, 5-102, 5-103 and 5-104 are located on the first floor of Building 5 of the project;

Apartments 5-201 and 5-204 are located on the second floor of Building 5 of the project;

Apartments 5-202 and 5-203 are located on the second and third floors of Building 5 of the project;

Apartments 6-101, 6-102, 6-103 and 6-104 are located on the first floor of Building 6 of the project;

Apartments 6-201 and 6-204 are located on the second floor of Building 6 of the project;

Apartments 6-202 and 6-203 are located on the second and third floors of Building 6 of the project;

Apartments 7-101, 7-102, 7-103 and 7-104 are located on the first floor of Building 7 of the project;

Apartments 7-201, 7-202 and 7-203 are located on the second and third floors of Building 7 of the project;

Apartment 7-204 is located on the second floor of Building 7 of the project;

Apartments 8-101, 8-102, 8-103 and 8-104 are located on the first floor of Building 8 of the project;

Apartments 8-202, 8-203 and 8-204 are located on the second and third floors of Building 8 of the project;

Apartment 8-201 is located on the second floor of Building 8 of the project;

Apartments 9-101, 9-102, 9-103 and 9-104 are located on the first floor of Building 9 of the project;

Apartments 9-201 and 9-204 are located on the second floor of Building 9 of the project;

Apartments 9-202 and 9-203 are located on the second and third floors of Building 9 of the project;

Apartments 10-101, 10-102, 10-103 and 10-104 are located on the first floor of Building 10 of the project;

Apartments 10-201 and 10-204 are located on the second floor of Building 10 of the project;

Apartments 10-202 and 10-203 are located on the second and third floors of Building 10 of the project;

Apartments 11-101, 11-102, 11-103 and 11-104 are located on the first floor of Building 11 of the project;

Apartments 11-202, 11-203 and 11-204 are located on the second and third floors of Building 11 of the project;

Apartment 11-201 is located on the second floor of Building 11 of the project;

Apartments 12-101, 12-102, 12-103 and 12-104 are located on the first floor of Building 12 of the project;

Apartments 12-201 and 12-204 are located on the second floor of Building 12 of the project;

Apartments 12-202 and 12-203 are located on the second and third floors of Building 12 of the project;

Apartments 13-101, 13-102, 13-103 and 13-104 are located on the first floor of Building 13 of the project;

Apartments 13-201 and 13-204 are located on the second floor of Building 13 of the project;

Apartments 13-202 and 13-203 are located on the second and third floors of Building 13 of the project;

Apartments 14-101, 14-102, 14-103 and 14-104 are located on the first floor of Building 14 of the project;

Apartments 14-201 and 14-204 are located on the second floor of Building 14 of the project;

Apartments 14-202 and 14-203 are located on the second and third floors of Building 14 of the project;

Apartments 15-101, 15-102, 15-103 and 15-104 are located on the first floor of Building 15 of the project;

Apartments 15-201, 15-202 and 15-203 are located on the second and third floors of Building 15 of the project;

Apartment 15-204 is located on the second floor of Building 15 of the project;

Apartments 16-101, 16-102, 16-103 and 16-104 are located on the first floor of Building 16 of the project;

Apartments 16-201 and 16-204 are located on the second floor of Building 16 of the project;

Apartments 16-202 and 16-203 are located on the second and third floors of Building 16 of the project;

Apartments 17-101, 17-102, 17-103 and 17-104 are located on the first floor of Building 17 of the project;

Apartment 17-201 is located on the second floor of Building 17 of the project;

Apartments 17-202, 17-203 and 17-204 are located on the second and third floors of Building 17 of the project;

Apartments 18-101, 18-102, 18-103 and 18-104 are located on the first floor of Building 18 of the project;

Apartments 18-201, 18-202 and 18-203 are located on the second and third floors of Building 18 of the project;

Apartment 18-204 is located on the second floor of Building 18 of the project;

Apartments 19-101, 19-102, 19-103 and 19-104 are located on the first floor of Building 19 of the project;

Apartments 19-201 and 19-204 are located on the second floor of Building 19 of the project;

Apartments 19-202 and 19-203 are located on the second and third floors of Building 19 of the project;

Apartments 20-101, 20-102, 20-103 and 20-104 are located on the first floor of Building 20 of the project;

Apartments 20-202, 20-203 and 20-204 are located on the second and third floors of Building 20 of the project;

Apartment 20-201 is located on the second floor of Building 20 of the project;

Apartments 21-101, 21-102, 21-103 and 21-104 are located on the first floor of Building 21 of the project;

Apartments 21-201, 21-202 and 21-203 are located on the second and third floors of Building 21 of the project;

Apartment 21-204 is located on the second floor of Building 21 of the project;

Apartments 22-101, 22-102, 22-103 and 22-104 are located on the first floor of Building 22 of the project;

Apartments 22-201 and 22-204 are located on the second floor of Building 22 of the project;

Apartments 22-202 and 22-203 are located on the second and third floors of Building 22 of the project;

Apartments 23-101, 23-102, 23-103 and 23-104 are located on the first floor of Building 23 of the project;

Apartments 23-201, 23-202 and 23-203 are located on the second and third floors of Building 23 of the project;

Apartment 23-204 is located on the second floor of Building 23 of the project;

Apartments 24-101, 24-102, 24-103 and 24-104 are located on the first floor of Building 24 of the project;

Apartments 24-201, 24-202 and 24-203 are located on the second and third floors of Building 24 of the project;

Apartment 24-204 is located on the second floor of Building 24 of the project;

Apartments 25-101, 25-102, 25-103 and 25-104 are located on the first floor of Building 25 of the project;

Apartments 25-201 and 25-204 are located on the second floor of Building 25 of the project;

Apartments 25-202 and 25-203 are located on the second and third floors of Building 25 of the project;

Apartments 26-101, 26-102, 26-103 and 26-104 are located on the first floor of Building 26 of the project;

Apartments 26-201 and 26-204 are located on the second floor of Building 26 of the project;

Apartments 26-202 and 26-203 are located on the second and third floors of Building 26 of the project;

Apartments 27-101, 27-102, 27-103 and 27-104 are located on the first floor of Building 27 of the project;

Apartments 27-201 and 27-204 are located on the second floor of Building 27 of the project;

Apartments 27-202 and 27-203 are located on the second and third floors of Building 27 of the project;

Apartments 28-101, 28-102, 28-103 and 28-104 are located on the first floor of Building 28 of the project;

Apartments 28-201 and 28-204 are located on the second floor of Building 28 of the project;

Apartments 28-202 and 28-203 are located on the second and third floors of Building 28 of the project;

Apartments 29-101, 29-102, 29-103 and 29-104 are located on the first floor of Building 29 of the project;

Apartments 29-201 and 29-204 are located on the second floor of Building 29 of the project;

Apartments 29-202 and 29-203 are located on the second and third floors of Building 29 of the project;

Apartments 30-101, 30-102, 30-103 and 30-104 are located on the first floor of Building 30 of the project;

Apartments 30-201 and 30-204 are located on the second floor of Building 30 of the project;

Apartments 30-202 and 30-203 are located on the second and third floors of Building 30 of the project;

Apartments 31-101, 31-102, 31-103 and 31-104 are located on the first floor of Building 31 of the project;

Apartments 31-201 and 31-204 are located on the second floor of Building 31 of the project;

Apartments 31-202 and 31-203 are located on the second and third floors of Building 31 of the project;

Apartments 32-101, 32-102 and 32-103 are located on the first floor of Building 32 of the project;

Apartment 32-203 is located on the second floor of Building 32 of the project;

Apartments 32-201 and 32-202 are located on the second and third floors of Building 32 of the project;

Apartments 33-101, 33-102 and 33-103 are located on the first floor of Building 33 of the project;

Apartment 33-201 is located on the second floor of Building 33 of the project;

Apartments 33-202 and 33-203 are located on the second and third floors of Building 33 of the project;

Apartments 34-101, 34-102, 34-103 and 34-104 are located on the first floor of Building 34 of the project;

Apartments 34-201 and 34-204 are located on the second floor of Building 34 of the project;

Apartments 34-202 and 34-203 are located on the second and third floors of Building 34 of the project;

A description of each of the apartments, designating the layout, number of rooms and approximate floor area thereof, is as follows:

Apartments 1-102, 1-103, 1-104, 2-102, 2-103, 3-101, 3-102, 3-103, 4-102, 4-103, 4-104, 5-102, 5-103, 6-102, 6-103, 7-101, 7-102, 7-103, 8-102, 8-103, 8-104, 9-102, 9-103, 10-102, 10-103, 11-102, 11-103, 11-104, 12-102, 12-103, 13-102, 13-103, 14-102, 14-103, 15-101, 15-102, 15-103, 16-102, 16-103, 17-102, 17-103, 17-104, 18-101, 18-102, 18-103, 19-102, 19-103, 20-102, 20-103, 20-104, 21-101, 21-102, 21-103, 22-102, 22-103, 23-101, 23-102, 23-103, 24-101, 24-102, 24-103, 25-102, 25-103, 26-102, 26-103, 27-102, 27-103, 28-102, 28-103, 29-102, 29-103, 30-102, 30-103, 31-102, 31-103, 32-101, 32-102, 33-102, 33-103, 34-102 and 34-103 are all built in accordance with floor plan 820 and each contains one bedroom, one bathroom, a powder room, entry way, two storage areas, a dining room, living area, kitchen and two lanais and each contains a total area of approximately 980 square feet including the lanais.

Apartments 1-101, 1-201, 2-101, 2-104, 2-201, 2-204, 3-104, 3-204, 4-101, 4-201, 5-101, 5-104, 5-201, 5-204, 6-101, 6-104, 6-201, 6-204, 7-104, 7-204, 8-101, 8-201, 9-101, 9-104, 9-201, 9-204, 10-101, 10-104, 10-201, 10-204, 11-101, 11-201, 12-101, 12-104, 12-201, 12-204, 13-101, 13-104, 13-201, 13-204, 14-101, 14-104, 14-201, 14-204, 15-104, 15-204, 16-101, 16-104, 16-201, 16-204, 17-101, 17-201, 18-104, 18-204, 19-101, 19-104, 19-201, 19-204, 20-101, 20-201, 21-104, 21-204, 22-101, 22-104, 22-201, 22-204, 23-104, 23-204, 24-104, 24-204, 25-101, 25-104, 25-201, 25-204, 26-101, 26-104, 26-201, 26-204, 27-101, 27-104, 27-201, 27-204, 28-101, 28-104, 28-201, 28-204, 29-101, 29-104, 29-201, 29-204, 30-101, 30-104, 30-201, 30-204, 31-101, 31-104, 31-201, 31-204, 32-103, 32-203, 33-201, 34-101, 34-104, 34-201 and 34-204 are all constructed in accordance with floor plan 1128 and each contains two bedrooms, a dressing room, two bathrooms, a living room, a dining area, kitchen, storage area, planter area, linen closet and a lanai and each contains a total area of approximately 1,212 square feet including the lanai.

Apartments 1-202, 1-203, 1-204, 2-202, 2-203, 3-201, 3-202, 3-203, 4-202, 4-203, 4-204, 5-202, 5-203, 6-202, 6-203, 7-201, 7-202, 7-203, 8-202, 8-203, 8-204, 9-202, 9-203, 10-202, 10-203, 11-202, 11-203, 11-204, 12-202, 12-203, 13-202, 13-203, 14-202, 14-203, 15-201, 15-202, 15-203, 16-202, 16-203, 17-202, 17-203, 17-204, 18-201, 18-202, 18-203, 19-202, 19-203, 20-202, 20-203, 20-204, 21-201, 21-202, 21-203, 22-202, 22-203, 23-201, 23-202, 23-203, 24-201, 24-202, 24-203, 25-202, 25-203, 26-202, 26-203, 27-202, 27-203, 28-202, 28-203, 29-202, 29-203, 30-202, 30-203, 31-202, 31-203, 32-201, 32-202, 33-202, 33-203, 34-202 and 34-203 are all constructed in accordance with floor plan 1360 and each is a two-story apartment and contains one bedroom, a powder room, one bathroom, two decks, kitchen, dining area, living room on the first floor thereof, and two bedrooms, two bathrooms and two decks on the second floor thereof and each contains a total area of approximately 1,620 square feet, including the decks.

2. 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. 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 lanai air space (if any), the inner decorated or finished surfaces of all walls, floors and ceilings and all fixtures originally installed therein.

COMMON ELEMENTS: The proposed Declaration provides that one (1) freehold estate is thereby designated in all of the remaining portions and appurtenances of the project, herein called "common elements", including specifically but not limited to:

- (a) Said land in fee simple;
- (b) 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;
- (c) All parking areas, yards, grounds and landscaping;
- (d) Apartment 33-101 of the project, which shall be reserved for the exclusive use of the resident manager of the project;
- (e) 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;
- (f) Office, recreation center, two (2) tennis courts and pool shown on said plans; and
- (g) 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: None.

INTEREST TO BE CONVEYED TO PURCHASERS: The proposed Declaration states that each apartment shall have appurtenant thereto an undivided percentage interest, determined approximately upon the basis of the respective areas of the apartments of the project, in all common elements of the project (herein called the "common interest"), and the same proportionate share in all common profits and expenses of the project and for all other purposes, including voting, as follows:

Each apartment constructed in accordance with Floor Plan 820 shall have a common interest of .27457%;

Each apartment constructed in accordance with Floor Plan 1128 shall have a common interest of .37241%; and

Each apartment constructed in accordance with Floor Plan 1360 shall have a common interest of .4772442%.

Each purchaser will secure an Apartment Deed conveying an apartment, together with said undivided percentage interest in the common elements of the project.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The proposed Declaration states that the apartments shall be occupied and used only for purposes permitted from time to time by applicable zoning ordinances, rules and regulations, and for no other purpose.

OWNERSHIP OF TITLE: A Preliminary Report dated March 16, 1979, issued by Long & Melone Escrow, Ltd., represents that the owner of the fee simple title to the property submitted to the regime is Consolidated Oil & Gas, Inc., a Colorado corporation. Said owner entered into an unrecorded Agreement of Sale with reference to said property in favor of the Developer, as Buyer, dated November 20, 1978. A copy of said Agreement has been submitted to the Commission.

ENCUMBRANCES AGAINST TITLE: The Preliminary Report dated March 16, 1979, issued by Long & Melone Escrow, Ltd., submitted to the Commission, provides that the following are encumbrances against title to the property:

1. Water and Sanitation Assessment and Lien by Kauai County Public Improvement Corporation and Eagle County Development Corporation, dated April 7, 1971, recorded in the Bureau of Conveyances in Book 7486, Page 292, as supplemented and amended.
2. Easement D-2 (10 feet wide) for drainage purposes.
3. For any taxes that may be due and owing, reference is made to the office of the Tax Assessor, Fifth Division.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated March 20, 1979, between Long & Melone Escrow, Ltd. and the Developer has been filed with the Commission. On examination, the executed Escrow Agreement, as well as the specimen Condominium Reservation Agreement, Deposit Receipt and Contract, filed with the Commission is found to be in compliance with Chapter 514A, Hawaii Revised Statutes.

Among other provisions, the specimen Sales Contract provides:

1. In the event development and construction of the project is delayed due to governmental restrictions or regulations of a contingency, the non-occurrence of which was a basic assumption on which the 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, provided, however, that Seller shall offer to Buyer the right to execute a new Reservation Agreement in a form similar at the increased apartment unit price.

2. Buyer is 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 agrees to execute all necessary documents for such closing, including irrevocable escrow instructions, and to deposit all sums due upon the Date of Closing with Escrow upon request by Seller.

3. Buyer agrees that all of the rights of Buyer are and shall be subject and subordinate to the lien of any mortgage securing the repayment of the interim loans made to finance the cost of construction and other costs during construction and to any and all advances made thereon.

4. Buyer hereby agrees that until Seller has closed out the sale of all the apartments in the condominium project or until December 31, 1982, whichever shall first occur, that Buyer will not enter into an agreement 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. This agreement of Buyer shall survive the issuance to Buyer of the Condominium Conveyance Document and shall bind Buyer's heirs, executors, administrators, successors and assigns during the term. In the event of Buyer's breach of the agreement contained in this paragraph, the parties understand and agree that the injury to Seller will be uncertain as to nature and amount and difficult and expensive to ascertain. Therefore, in the event of a breach of said Agreement by Buyer, the parties agree that Seller may obtain an injunction from any court of competent jurisdiction enjoining Buyer from breaching said agreement. Seller may, in addition to obtaining injunctive relief, pursue any other remedy, including seeking damages caused by such breach, as are permitted in law or equity. All costs and expenses, including reasonable attorneys' fees, incurred by Seller in connection with a breach of said agreement by the Buyer, shall be borne by the Buyer.

The Escrow Agreement provides in part 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 Twenty-Five Dollar (\$25.00) cancellation fee, if purchaser shall in writing request refund of his funds and any one of the following shall have occurred:

1. Escrow receives a written request from the Seller to return to purchaser the funds of such purchaser then held by Escrow; or

2. If purchaser's funds were obtained prior to the issuance of a Final Public Report and if there is any change in the building plans, subsequent to the execution of purchaser's contract, requiring the approval of a county officer having jurisdiction over the issuance of permits for construction, unless the purchaser has given written approval or acceptance of the change; or

3. If the request is prior to the time the Final Public Report is issued, or if after such time, 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 differences; or

4. If the Final Public Report is not issued within one (1) year from the date of issuance of the Preliminary Public Report.

Upon refund of said funds to purchaser as aforesaid, Escrow shall return to Seller such purchaser's Sales Contract and any apartment deed theretofore delivered to Escrow, and thereupon purchaser shall be deemed no longer obligated thereunder.

If at any time the Seller shall certify in writing to Escrow that a purchaser, whose funds are being held by Escrow, has defaulted under the terms of his Sales Contract and that the Seller has terminated said Contract pursuant to the terms hereof, Escrow shall notify said purchaser of said default and shall thereafter treat all funds such purchaser paid under such Contract, less Escrow's Twenty-five Dollar (\$25.00) cancellation fee, as the escrowed funds of said Seller and not of purchaser.

All funds received by Escrow shall be deposited in an interest-bearing account or accounts in a federally insured bank or savings and loan institution, to be held therein subject to all the terms and provisions hereof and to be subject to being drawn only upon written approval or signature by Escrow. All interest earned from such account or accounts shall be credited to the account of Seller pursuant to agreement between Seller and purchasers as set forth in said Contract of Sale.

It is incumbent on the purchaser and prospective purchaser to read and understand the Escrow Agreement before signing the Condominium Reservation Agreement, Deposit Receipt and Contract, since the Escrow Agreement prescribes the procedure for receiving and disbursing purchaser's funds. The specimen Sales Agreement specifically provides that the purchaser approve said Escrow Agreement and assume the benefits and obligations therein provided. Purchaser and prospective purchasers are advised to read the provisions of the Reservation Agreement with care.

MANAGEMENT AND OPERATIONS: The proposed Declaration provides that the operation of the project shall be conducted for the Association of Apartment Owners by a responsible managing agent who shall be appointed by the Association in accordance with the By-Laws. The initial managing agent as indicated in the Disclosure Abstract is Paradise Management Corp.

STATUS OF PROJECT: The Developer has advised the Commission that construction of the project has not commenced but is projected to be completed by February, 1982.

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The purchaser or prospective purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of Intention submitted March 29, 1979, and additional information subsequently filed as of August 1, 1979.

This is a PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT which is made a part of REGISTRATION NO. 1110 filed with the Commission on March 29, 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.

  
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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. 1110

August 6, 1979