

# REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION  
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII

1010 RICHARDS STREET  
P. O. BOX 3469  
HONOLULU, HAWAII 96801

## PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

HALE ROYALE  
3788 Honoapiilani Highway  
Lahaina, Maui, Hawaii  
REGISTRATION NO. 1113

### 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: July 13, 1979  
Expires: August 13, 1980

#### SPECIAL ATTENTION

A comprehensive reading of this report is urged in order that personal requirements and expectations to be derived from the property can be ascertained. The attention of the purchaser or prospective purchaser is particularly directed to the following:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED MARCH 29, 1979 AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED WITH THE COMMISSION AS OF JULY 6, 1979. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT SET FORTH IN CHAPTER 514A, HAWAII REVISED STATUTES.

1. HALE ROYALE is a proposed leasehold condominium project consisting of seven (7) separate one (1) story and two (2) story buildings containing eighty-six (86) residential apartments, one (1) of which is intended as an Office and Manager's Apartment and will be a part of the common elements of the project.

There will be a total of one hundred fourteen (114) parking spaces of which eighty-five (85) are assigned one to each purchased apartment as limited common elements, one (1) assigned to the Office and Manager's Apartment and twenty-eight (28) unassigned as part of the common elements.

2. The Developer of the Project has submitted to the Commission for examination all documents deemed necessary for the registration of this condominium project and 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 office of the recording officer.
4. No advertising or promotional matter has been submitted pursuant to the rules and regulations promulgated by the Commission.
5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A, Hawaii Revised Statutes, as amended, and the rules and regulations of the Hawaii Real Estate Commission which relate to Horizontal Property Regimes.
6. The Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, July 13, 1979, unless a Final or Supplementary Public Report is published, or the Commission, upon review of the registration, issues an order extending the effective date of this report.
7. The Developer shall be responsible for placing this Preliminary Public Report (yellow paper stock) together with Disclosure Abstract in the hands of all purchasers and prospective purchasers, and for securing a signed receipt therefor from each purchaser and prospective purchaser.

NAME OF PROJECT: HALE ROYALE

LOCATION: The approximate 4.21 acres of land committed to the Project is located in Mahinahina, District of Lahaina, Island and County of Maui, State of Hawaii.

TAX KEY: Second Division, 4-3-06-05.

ZONING: A-1, under the ordinances of the County of Maui.

DEVELOPER: HALE ROYALE HUI, a Hawaii joint venture, whose principal place of business is 212 Lahaina Shopping Center, Lahaina, Maui, Hawaii 96761 (Telephone No. 661-3678). The General Partners of the joint venture are as follows:

William R. Bagg	930 Wainee Street Lahaina, Maui, Hawaii 96761
Jack Edwin Counts	930 Wainee Street Lahaina, Maui, Hawaii 96761
Bay Area Industrial Corp.	845 Page Mill Road Palo Alto, California 94304
Jerry Baker	P. O. Box 38 Duncan, Oklahoma 73553
E. W. McKenzie	905 Industrial Way Sparks, Nevada 89431
Fisher Properties	850 West Hind Drive Honolulu, Hawaii

ATTORNEY REPRESENTING DEVELOPER: NELSON CHRISTENSEN,  
P. O. Box 1088, Lahaina, Maui, Hawaii 96761  
(Telephone No. 661-4458)

DESCRIPTION: The proposed Declaration of Horizontal Property Regime and the plans submitted by the Developer reflect that the Project is to consist of eighty-six (86) residential apartments, arranged throughout seven (7) separate apartment buildings designated "A", "B", "C", "D", "E", "F" and "G" Buildings. One apartment is intended for use as an Office and Manager's Apartment, and will be part of the common elements.

Twenty-eight (28) of the apartments are Studio Apartments, consisting of a combination living room-bedroom, an entry hallway, a kitchen, a bathroom and a lanai, and contains a floor area of approximately 486 square feet with a lanai of 93 square feet.

Eight (8) of the apartments are One-Bedroom One-Bath Apartments, consisting of a combination living and dining room, a bedroom, a bathroom, a kitchen, an entry hallway and a lanai, and contains a floor area of approximately 649 square feet with a lanai of 107 square feet.

Four (4) of the apartments are Expanded One-Bedroom One-Bath Apartments, consisting of the same rooms and lanai as the regular One-Bedroom One-Bathroom Apartments, but containing a larger floor area of 692 square feet and lanai area of 107 square feet.

Twenty-one (21) of the apartments are One-Bedroom Two-Bath Apartments, consisting a combination living room and dining room, a bedroom, two bathrooms, a kitchen, an entry hallway and a lanai, and containing a floor area of approximately 790 square feet and lanai of 78 square feet.

Four (4) of the apartments are Expanded One-Bedroom Two-Bath Apartments consisting of the same rooms and lanai as the regular One-Bedroom Two-Bath Apartments, but containing a larger floor area of 908 square feet and lanai area of 78 square feet.

Twenty (20) of the apartments are Townhouse Apartments, consisting of a combination living and dining room, two bedrooms, two bathrooms, a kitchen, an entry hallway and a lanai and contains a floor area of approximately 1,122 square feet and lanai of 107 square feet.

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls, the interior load-bearing walls, the floor and ceiling which surround each apartment, the foundations, columns, girders, beams, supports, common entries and roofs, or any pipes, shafts, 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 include the adjacent lanai areas, 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, the exterior of the lanai railings and ledges, all air space encompassed within the apartment, and any fixtures and appliances originally installed therein, including carpet, drapes and appliances.

Each building shall be constructed principally of reinforced concrete block, pre-stressed concrete slabs, glass and wood, with shake roof, except buildings B, C and D, which will have built-up pitch and gravel roofs.

The living area of each apartment, its appurtenant lanai area, and its undivided percentage interest in the common elements, and the number of its assigned parking space are as follows:

<u>Apt. No.</u>	<u>Total Living area in Sq. Feet</u>	<u>Lanai area in Sq. Ft.</u>	<u>Percentage of Common area</u>	<u>Assigned Parking Space Number</u>
A-102	790	78	.012	3
A-103	790	78	.012	7
A-104	486	93	.008	9
A-105	486	93	.008	11
A-106	790	78	.012	13
A-107	790	78	.012	15
A-108	486	93	.008	17
A-109	486	93	.008	19
A-110	790	78	.012	21
A-111	790	78	.012	23
A-112	486	93	.008	25
A-113	486	93	.008	27
A-114	486	93	.008	29
A-115	486	93	.008	31

<u>Apt. No.</u>	<u>Total Living area in Sq. Feet</u>	<u>Lanai area in Sq. Ft.</u>	<u>Percentage of Common area</u>	<u>Assigned Parking Space Number</u>
A-201	790	78	.012	2
A-202	790	78	.012	4
A-203	790	78	.012	8
A-204	486	93	.008	10
A-205	486	93	.008	12
A-206	908	78	.014	14
A-207	908	78	.014	16
A-208	486	93	.008	18
A-209	486	93	.008	20
A-210	790	78	.012	22
A-211	790	78	.012	24
A-212	486	93	.008	26
A-213	486	93	.008	28
A-214	486	93	.008	30
A-215	486	93	.008	32
B-101	1122	107	.017	33
B-102	1122	107	.017	34
B-103	1122	107	.017	35
B-104	1122	107	.017	36
B-105	1122	107	.017	37
B-106	1122	107	.017	38
C-101	1122	107	.017	42
C-102	1122	107	.017	43
C-103	1122	107	.017	44
C-104	1122	107	.017	45
C-105	1122	107	.017	46
C-106	1122	107	.017	47
C-107	1122	107	.017	48
C-108	1122	107	.017	49
C-109	1122	107	.017	50
C-110	1122	107	.017	51
D-101	1122	107	.017	60
D-102	1122	107	.017	69
D-103	1122	107	.017	59
D-104	1122	107	.017	70
E-101	790	78	.012	114
E-102	486	93	.008	72
E-103	486	93	.008	74
E-104	790	78	.012	76
E-105	790	78	.012	78
E-106	486	93	.008	80
E-107	486	93	.008	83
E-108	790	78	.012	85
E-109	790	78	.012	87
E-110	486	93	.008	89
E-111	489	93	.008	91
E-112	790	78	.012	93

<u>Apt. No.</u>	<u>Total Living area in Sq. Feet</u>	<u>Lanai area in Sq. Ft.</u>	<u>Percentage of Common area</u>	<u>Assigned Parking Space Number</u>
E-201	790	78	.012	113
E-202	486	93	.008	73
E-203	486	93	.008	75
E-204	908	78	.014	77
E-205	908	78	.014	79
E-206	486	93	.008	81
E-207	486	93	.008	84
E-208	790	78	.012	86
E-209	790	78	.012	88
E-210	486	93	.008	90
E-211	486	93	.008	92
E-212	790	78	.012	94
F-101	692	107	.011	95
F-102	649	107	.0105	96
F-103	649	107	.0105	97
F-104	649	107	.0105	98
F-105	649	107	.0105	99
F-106	692	107	.011	100
G-101	692	107	.011	106
G-102	649	107	.0105	107
G-103	649	107	.0105	108
G-104	649	107	.0105	109
G-105	649	107	.0105	110
G-106	692	107	.011	111

COMMON ELEMENTS: The proposed Declaration reflects that the common elements shall include the limited common elements as described hereinafter, and all other portions of the Project other than the apartments, including specifically but not limited to:

- (a) The land in fee simple.
- (b) All foundations, floor slabs, columns, girders, beams, supports, bearing walls, roofs, corridors, stairs, lobbies, offices, machine and equipment rooms and storage rooms.
- (c) All yards, grounds, landscaping, swimming pools and other recreational facilities.
- (d) All driveways, walkways and parking areas and spaces which are not assigned to specific apartments.
- (e) Apartment No. A-101 as Office and Manager's Apartment and Assigned Parking Space No. 1 for this apartment.
- (f) All central and appurtenant installations for utilities and/or services such as power, light, telephone, gas, water, television, sewage disposal, and all ducts, electrical equipment, tanks, pumps, motors, fans, compressors, pipes, wiring and other apparatus and installations existing for common use.

(g) All other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

NOTE: There will be a private water system from a well on the Property to serve the apartments which will be maintained by the Association as a common expense.

LIMITED COMMON ELEMENTS: Certain parts of the common elements, herein called and designated "limited 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.

These shall be appurtenant to each apartment, as a limited common element, any pump, motor, fan, compressor or duct, or any installation for power, light, telephone, gas, hot and cold water, heating, refrigeration, television, sewage disposal, air conditioning, or other utilities, (including all pipes, ducts, wires, cables and conduits used in connection therewith), located in a common element, designed to serve one apartment, (that is, not designed or existing for common use), and the parking space assigned to each apartment, and the same shall be reserved for the exclusive use and benefit of such apartment, and all costs and expenses of every description pertaining thereto including but not limited to the cost of maintenance, repair and replacement thereof, and the making of any additions and improvements thereto, shall be charged to the owner of such apartment.

INTEREST TO BE CONVEYED TO PURCHASER: Each purchaser of an apartment shall receive a Condominium Conveyance Document which shall convey to such purchaser ownership of the apartment purchased by such purchaser (exclusive of any interest in the Land) and lease to such purchaser for a term ending December 31, 2045, an undivided interest in the Land included within the Project. The leasehold interest of each purchaser shall be equal to the percentage interest in the common elements appurtenant to such purchaser's apartment.

The proposed Declaration provides that each apartment shall have appurtenant thereto an undivided percentage interest in all common elements of the Project as set forth hereinabove under DESCRIPTION and the same proportionate share in all common profits and expenses of the Project including voting.

PURPOSE OF BUILDINGS AND RESTRICTIONS AS TO USE: The proposed Declaration provides that the apartments shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, licensees, families, domestic servants and social guests, and for no other purpose. The use of an apartment as the location of a business is expressly prohibited. The respective apartment owners shall have the absolute right to rent or lease their apartments, subject to all provisions of the Declaration and By-Laws.

An apartment owner shall not, without the prior written consent of the Board of Directors of the Association of Apartment Owners, make any structural alterations in or additions to the Apartment visible from the exterior of the Apartment, or make any alterations in or additions to the exterior of the Apartment or to any other portion or portions of the common elements unless otherwise provided in the By-Laws.

The House Rules provide, among others, (1) No pets, livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept on any part of the Project; (2) Bicycles, tricycles, skateboards and similar vehicles shall not be operated on walkways or sidewalks of the Project; and (3) Trailers, boats or abandoned vehicles shall not be parked or stored in the parking areas.

OWNERSHIP OF TITLE: A Preliminary Report issued on May 11, 1979, by Title Guaranty of Hawaii, Inc. certifies that title to the property is held by Hawaii Omori Corporation, a Hawaii corporation, subject to an Agreement of Sale dated September 28, 1978, to the Developer as Purchaser, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 13182, Page 115.

ENCUMBRANCES AGAINST TITLE: Said Preliminary Report dated May 11, 1979, states that title to the property is subject to the following encumbrances:

(1) 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 Second Division, County of Maui, Hawaii.

(2) Reservation in favor of the State of Hawaii of all Mineral and Metallic Mines.

(3) That certain Letter Agreement dated July 11, 1977, whereby K. K. Omori Shoten affirms its understanding with Masao Omori permitting Masao Omori the beneficial use of the premises under search; as set forth in Deed recorded in Liber 12413 at Page 751.

(4) Agreement of Sale

Vendor: Hawaii Omori Corporation,  
a Hawaii Corporation  
Vendee: Hale Royale Hui, a Joint Venture  
Dated: September 28, 1978  
Recorded: Liber 13182, Page 115  
Amount: \$1,023,007.00.

(5) Agreement dated January 5, 1979, recorded in The Bureau of Conveyances of the State of Hawaii in Liber 13417, at Page 588, made by and between the County of Maui, Department of Water Supply and Hale Royale Hui, relating to issuance of a building permit for the Project on the basis of development of a private water supply system on the Property.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated March 16, 1979, between the Developer, as "Seller", and Title Guaranty Escrow Services, Inc., as "Escrow", has been submitted to the Commission as part of the registration. On examination, the specimen Sales Contract and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended, and particularly Sections 514A-37, 514A-39, 514A-40, and 514A-63 through 514A-66.

The provisions of the Escrow Agreement should be carefully read and understood. It provides, among others, that a purchaser shall be entitled to a return of his funds, and Escrow shall pay such funds to such purchaser, without interest, less cancellation fee of \$25.00, promptly after purchaser has requested such return if Escrow shall have received from Developer a written notice that any one of the following has occurred:

(1) Developer shall have requested Escrow to return to purchaser the funds of purchaser then being held hereunder by Escrow; or

(2) Developer shall have notified Escrow of Developer's exercise of the option to rescind the sales contract pursuant to any right of rescission stated therein or otherwise available to Developer; or

(3) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, there shall have been a change in the building plans requiring approval of a county officer having jurisdiction over the issuance of building permits except such changes as are specifically authorized in the Declaration of Horizontal Property Regime or by the terms of the sales contract or to which said purchaser has otherwise consented in writing; or

(4) The Final Report differs in a material respect from the Preliminary Report, and the purchaser's written approval of such change shall not have been obtained; or

(5) The Final Report shall not have been issued within one (1) year from the date of issuance of the Preliminary Report.

The provision of the Sales Contract should also be carefully read and understood. It provides among other things, that:

1. Buyer agrees that unless and until Seller: (i) obtains the issuance by the Real Estate Commission of the State of Hawaii of the Final Public Report on the project; and (ii) has received from Buyer that the Sales Contract shall represent only a reservation by the Buyer and shall not be binding upon either party hereto, and until such time, the Sales Contract may be terminated at the option of either party. In the event of such termination, Seller shall cause Escrow to refund all payments previously made by Buyer, without interest, and neither party shall have any other or further liability hereunder. If the Sales Contract is entered into after the issuance of the Final Public Report this provision shall be of no force or effect and the Sales Contract shall be fully binding upon Buyer and Seller upon signing a receipt for the Final Public Report.

2. Notwithstanding any other provision in the Sales Contract to the contrary, the Project shall be completed within two (2) years of the date of the execution by Buyer of the receipt for the Final Public Report for the Project; provided, however, said two (2) year period shall be extended for any period of time during which Seller is actually and necessarily delayed in completing construction if said delay is caused by fire, earthquake, acts of God, the elements, war or civil disturbance, strikes or other disturbances, Government legislation or controls, or economic controls making it impossible to obtain the necessary labor or materials or other matters or conditions beyond the control of Seller.

3. Buyer agrees to subordinate his interest to the lien(s) of any interim mortgage(s) securing loans obtained from any lender for the construction of the Project or to a revolving construction loan secured by a mortgage(s) and to any and all advances, whether contractual or voluntary made pursuant to said mortgage, and to any and all sums which may become a lien pursuant to the terms of said mortgage or the construction loan agreement or any other agreement relating to said mortgage.

4. Buyer understands and agrees that Buyer may not and will not assign or transfer this Sales Contract or any of Buyer's rights hereunder, and that any assignment or transfer of this Sales Contract by Buyer shall be null and void and shall constitute a default of the Sales Contract by Buyer.

5. Seller and its agents and representatives make no representation or statement as to the rental investment potential of the Property or income to be derived therefrom or any other economic benefit, including applicability of Federal or State tax laws, that may be derived from any such rental of the Property; and Buyer understands that Buyer is free to use the Property as Buyer chooses, and that Buyer may rent it, either directly or through any agent Buyer may select.

6. Buyer understands and agrees that Seller reserves the right, at Seller's sole discretion, to sell Seller's fee simple interest in the Land to a third party provided, however, that in such sale Seller shall retain all developmental rights necessary for construction and completion of the Project and that Seller shall continue to act as the Developer of the Project. Buyer agrees that any such sale of the Land by Seller shall not release Buyer from any of Buyer's obligations under the Sales Contract. In the event Seller elects to sell its fee simple interest in the Land as aforesaid, Seller reserves the right to modify the condominium documents of the Project so as to reflect the change in ownership of the Land, and Buyer agrees, upon request by Seller, to promptly execute, deliver and accept any and all such condominium documents, as so modified, in lieu of the forms of such documents presently on file with the Real Estate Commission; provided, however, that it is understood and agreed that any such modifications to the condominium documents shall not materially alter or impair Buyer's rights under the Sales Contract.

7. Buyer acknowledges that the private water system for the Project is included in the common elements appurtenant to the Project. Ownership and maintenance of such private water system, upon completion of the Project and issuance of all certificates of occupancy shall be the sole responsibility of the Association of Owners without further liability to the developer of the Project.

MANAGEMENT AND OPERATION: The By-Laws annexed to the proposed Declaration state that the Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Project and shall at all times employ a responsible managing agent to manage and control the property, subject at all times to discretion by the Board. The initial Managing Agent shall be the Developer, HALE ROYALE HUI, subject to the provisions of Section 514A-84(a) of the Hawaii Horizontal Property Act, which states that a Developer can contract as initial Managing Agent only for a term of one year, and that the contract must be terminable on sixty (60) days written notice.

STATUS OF PROJECT: Construction is estimated to begin August 1, 1979 and to be completed by September 1, 1980.

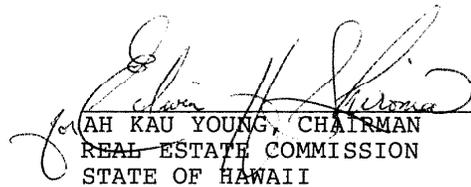
The Developer is currently in the process of selecting a contractor to construct the Project and has obtained an interim construction loan from Honolulu Federal Savings and Loan Association to finance such construction. Also, a Building Permit No. 79/1071-1080, dated June 1, 1979, has been issued by the Department of Public Works, County of Maui for the construction work on this Project.

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The purchaser or prospective purchaser should be cognizant of the fact that his published report represents information disclosed by the Developer in the required notice of intention filed on March 29, 1979 and information subsequently submitted as of July 6, 1979.

THIS PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1113 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 shall be yellow in color.

  
ALAN H. YOUNG, CHAIRMAN  
REAL ESTATE COMMISSION  
STATE OF HAWAII

Distribution:

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

Registration No. 1113

Date: July 13, 1979