

# REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION  
DEPARTMENT OF REGULATORY AGENCIES

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

## FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

ON

KONA PALMS  
Alii Drive, Holualoa  
Kona, Hawaii

REGISTRATION NO. 1147

### **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 until

- (1) A copy of this Report has been given to the prospective purchaser,
- (2) The latter has been given an opportunity to read same, and,
- (3) His receipt taken therefor.

Issued: March 25, 1980  
Expires: April 25, 1981

#### 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 JULY 3, 1979 AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED AS OF MARCH 18, 1980. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. Since the issuance of the Commission's Preliminary Public Report on Registration No. 1147 dated August 23, 1979, the Developer has forwarded additional information reflecting material changes which have been made in the documents and plans for the project. This Final Report reflects these changes and shall be made a part of KONA PALMS condominium project.

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

3. The basic documents (Declaration of Horizontal Property Regime, By-Laws of Association of Apartment Owners and a copy of the approved Floor Plans) have been filed in the office of the recording officer on January 29, 1980. The Declaration of Horizontal Property Regime, together with By-Laws of Association of Apartment Owners was recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14450 at Page 612. The Registrar of Conveyances has designated the map for the project as Condominium Map No. 682.

4. No advertising and promotional matters have been submitted pursuant to the rules and regulations promulgated by the Commission.

5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A, Hawaii Revised Statutes, and the Condominium Rules and Regulations which relate to Horizontal Property Regime.

6. This Final Public Report automatically expires thirteen (13) months after date of issuance, March 25, 1980, unless a Supplementary Public Report is issued or the Commission upon review of registration issues an order extending the effective period of this report.

7. The Developer is responsible for placing a true copy of this Final Public Report (white paper stock) in the hands of all purchasers and prospective purchasers along with a true copy of the Preliminary Public Report (yellow paper stock) and revised Disclosure Abstract. Securing a signed copy of the receipt therefor is also the responsibility of the Developer.

Except for certain information reflected under the topical headings LOCATION, DESCRIPTION, COMMON ELEMENTS, LIMITED COMMON ELEMENTS, ENCUMBRANCES AGAINST TITLE, PURCHASE MONEY HANDLING, and STATUS OF PROJECT, all other information in the Preliminary Public Report issued August 23, 1979 remains unchanged.

LOCATION: The subject property consisted of 2 parcels of land, to-wit: (1) All of that certain parcel of land (portion of the land described in and covered by Royal Patent Grant Number 1856 to Kawaihoa) situate, lying and being on the easterly side of Alii Drive at Holualoa 3, District of North Kona, Island and County of Hawaii, State of Hawaii, being LOT NUMBER TWO; and (2) All of that certain parcel of land (portions of the land described in and covered by Royal Patent Grant Number 1856 to Kawaihoa and Royal Patent No. 4279, Land Commission Award Number 5868:3 to Kaainahuna) situate, lying and being on the easterly side of Alii Drive at Holualoa 3, District of North Kona, Island and County of Hawaii, State of Hawaii, being LOT NUMBER THREE.

The 2 parcels of land were consolidated into LOT 2-A, being all of that certain parcel of land (being portions of Grant 1856 to Kawaihoa; and Royal Patent 4279, Land Commission Award 5868, Apana 3 to Kaainahuna) situated on the Easterly side of Alii Drive at Holualoa 3rd, North Kona, Island and County of Hawaii, State of Hawaii.

DESCRIPTION: The dimensions of the swimming pool have been changed and is now approximately 18' X 36'.

The one-bedroom units are unit numbers 202, 203, 205, 302, 303 and 305. The two-bedroom units are unit numbers 201, 204, 206, 301, 304 and 306.

COMMON ELEMENTS: The common elements will also include the extra parking stall for delivery or service vehicles.

LIMITED COMMON ELEMENTS: The extra parking stall for delivery or service vehicles shall not be deemed a limited common element.

ENCUMBRANCES AGAINST TITLE: The Supplemental Commitment for Title Insurance dated January 30, 1980 identifies the following encumbrances on the land committed to the project:

(1) Reservation in favor of the State of Hawaii of all mineral and metallic mines as reserved in Royal Patent Grant No. 1856 and Royal Patent No. 4279.

(2) Condominium Map No. 682, filed in the Bureau of Conveyances of the State of Hawaii.

(3) The restrictions, covenants, agreements, obligations, conditions, easements and other provisions set forth in Declaration of Horizontal Property Regime dated July 3, 1979, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14450 at Page 612, and the By-Laws attached thereto.

(4) Real Property Mortgage and Financing Statement dated January 24, 1980, in favor of HONOLULU FEDERAL SAVINGS AND LOAN ASSOCIATION, recorded in Liber 14448 at Page 656.

(5) Financing Statement dated January 24, 1980, between HOLUALOA BAY INVESTMENT LIMITED PARTNERSHIP, as Debtor, and HONOLULU FEDERAL SAVINGS AND LOAN ASSOCIATION, as Secured Party, recorded in Liber 14448 at Page 677.

(6) Any taxes that are due and owing; reference is made to the Office of the Tax Assessor, Third Division.

PURCHASE MONEY HANDLING:

Subordination to Development Loan: By executing a receipt for this Final Public Report, each purchaser acknowledges that the Developer has entered into an agreement with Honolulu Federal Savings and Loan Association (the "Lender") pursuant to which the Lender may loan the Developer an

aggregate of up to \$847,000.00 for the costs of the Project. The interest rate on such loan will be the greater of ten and three-fourths per cent (10-3/4%) per annum or two (2) percentage points higher than the prime interest rate of Bank of Hawaii from time to time, except that the interest rate in the event of default by the Developer will be eighteen per cent (18%) per annum. The entire balance of such loan will be due and payable by the Developer to the Lender twelve (12) months after the loan closes. To secure the entire loan amount, the Developer will give to the Lender a mortgage covering the land on which the Project is to be built and security interests in other items of property comprising or affecting the Project, including the apartment covered by the purchaser's sales contract. The purchaser acknowledges and agrees that such mortgage lien and security interests securing such loan and all extensions, renewals and modifications thereof shall be and remain at all times a lien or charge on the Project prior and superior to any and all liens or charges on the Project arising from the purchaser's sales contract or any prior reservation agreement. The purchaser intentionally waives, relinquishes and subordinates the priority or superiority of any interest under his sales contract in favor of the liens or charges upon the Project in favor of the Lender. The purchaser also consents to the Developer's assignment of the purchaser's sales contract to the Lender as a portion of the security for such loan and agrees that the purchaser will, in the event that the Lender acquires or controls the Project and at the request of the Lender, attend to the Lender and perform the purchaser's obligations under the sales contract directly to and for the benefit of the Lender.

Apartment Sales Price Increases: Each purchaser should note that Paragraph 18 of the Sales Contract and Receipt (the "Sales Contract") executed by the Developer and each purchaser allows the Developer to increase the sales price of any apartment in the Project if the development and construction of the Project is delayed for any reason beyond the control of the Developer. Moreover, Paragraph 18 of the Sales Contract allows the Developer to require the purchaser to pay the increased sales price if the purchaser does not cancel the Sales Contract within ten days after receipt from the Developer of notification of the increased sales price. The Developer has agreed with Honolulu Federal Savings and Loan Association (the "Lender") not to exercise the Developer's right to increase the sale price of any apartment without the Lender's written consent and that any attempt by the Developer to exercise its rights under Paragraph 18 of the Sales Contract without the Lender's written consent will be void.

Assignment of Escrow Agreement: The Developer has advised the Real Estate Commission that it has assigned to Honolulu Federal Savings and Loan Association all of its rights, title and interest under that certain Escrow Agreement, dated June 6, 1979, as security for a \$847,000 loan.

STATUS OF PROJECT: The Developer advises the Real Estate

Commission that completion of the total project is estimated to be on or about March 31, 1980.

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The purchaser or prospective purchaser should be cognizant of the fact that this Final Public Report represents information disclosed by the Developer in the required Notice of Intention submitted July 3, 1979, and additional information submitted as of March 18, 1980.

THIS FINAL HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1147 filed with the Commission on July 3, 1979.

The report, when reproduced, shall be a true copy of the Commission's Public Report. The paper stock used in making facsimiles must be white.

 (for)  
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AH KAU YOUNG, Chairman  
REAL ESTATE COMMISSION  
STATE OF HAWAII

Distribution:

Department of Taxation  
Bureau of Conveyances  
Planning Department, County of Hawaii  
Federal Housing Administration  
Escrow Agent

REGISTRATION NO. 1147

Date: March 25, 1980