

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

KAPIOLANI HOUSE
2232 Kapiolani Boulevard
Honolulu, Oahu, Hawaii

REGISTRATION NO. 1148

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 25, 1979
Expires: August 25, 1980

SPECIAL ATTENTION

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

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED July 3, 1979 AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED WITH THE COMMISSION AS OF July 16, 1979. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF HIS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT SET FORTH IN CHAPTER 514A, HAWAII REVISED STATUTES.

1. KAPIOLANI HOUSE is a proposed leasehold condominium project consisting of one 14-story building without a basement, consisting of fifty-one (51) apartments and ninety-seven (97) assigned parking stalls, including thirteen (13) compact parking stalls.

2. The Developer of the project has filed all documents and materials deemed necessary by the Commission for the registration of this proposed condominium project and the issuance of this Preliminary Public Report.

3. The basic documents (Declaration of Horizontal Property Regime, By-Laws of the Association of Apartment Owners and a copy of the approved Floor Plans) have not yet been filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

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

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

6. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, July 25, 1979, unless a Final or Supplementary Public Report issues or the Commission, upon review of the registration, issues an order extending the period of this report.

7. This Preliminary Public Report is made a part of registration on KAPIOLANI HOUSE condominium project. The Developer has the responsibility of placing a true copy of the Preliminary Public Report (yellow paper stock) and Disclosure Abstract in the hands of all purchasers and prospective purchasers. Securing a signed copy of the Receipt therefor from each such person is also the responsibility of the Developer.

NAME OF PROJECT: KAPIOLANI HOUSE

LOCATION: The approximate 29,007 square feet of land to be committed to the regime is situated at 2232 Kapiolani Boulevard, Honolulu, Hawaii.

TAX MAP KEY: FIRST DIVISION: 2-7-05-26, 27 & 45

ZONING: A-4 (Apartment)

DEVELOPER: LAM DEVELOPMENT, INC., a Hawaii corporation, Suite 1001, 745 Fort Street, Honolulu, Hawaii 96813; Telephone: (808) 524-1455. Officers: Gerald Lam, President/Secretary/Treasurer; Timothy Holzer, Vice President.

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

DESCRIPTION: The proposed Declaration of Horizontal Property Regime and plans submitted by the Developer indicate a leasehold condominium project consisting of fifty-one (51) apartments contained in one 14-story building, without a basement, constructed principally of concrete, concrete block, plaster and glass.

The location and description of the various apartments are as set forth in the Exhibit attached hereto and made a part hereof.

The apartments have immediate access to the grounds of the project or two (2) elevators and two (2) stairways, each of which lead to the grounds of the project.

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter or party walls or interior load-bearing walls, the floors and ceilings surrounding each apartment or any pipes, wires, conduits or other utility or service lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements as herein-after provided. Each apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter or party walls, doors and door frames, windows and window frames, the yard or 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: One (1) freehold estate is designated in all remaining portions of the project, herein called the "common elements", including specifically but not limited to:

1. The land in fee simple;
2. All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter, party and load-bearing walls, roofs, entries, stairways, elevators, walkways, entrances and exits of said building;
3. All yards, grounds and landscaping, including the pool, sauna, jacuzzi and private park;
4. All parking areas, including the 97 parking stalls depicted on the Condominium Map for the Project;
5. 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;

6. The pump room, electrical room, trash room and office on the first floor;

7. The fan rooms on the second floor; and

8. Any and all 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: Certain parts of the common elements, herein called the "limited common elements", are hereby designated and set aside for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto easements for the use of such limited common elements as follows:

One or more parking space(s), as designated on the condominium map by the number of each of the respective apartments (except Apartment Nos. 202 and 203) shall be appurtenant to and for the exclusive use of such apartment.

INTEREST TO BE CONVEYED TO PURCHASERS: Documents filed with the Real Estate Commission indicate that the purchaser will secure a Condominium Conveyance Document, consisting of an Apartment Deed conveying an Apartment and an undivided percentage interest in the common elements of the project (exclusive of land), and a Ground Sublease demising an undivided percentage interest in the lands of the project, and the same proportionate share of all common profits and expenses of the project and for all other purposes including voting as set forth in the Exhibit attached hereto.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The proposed Declaration provides that, except when the holder of the first mortgage on an apartment has entered into possession of an apartment following (i) a default under its first mortgage, (ii) a foreclosure proceeding, or (iii) a conveyance in lieu of foreclosure, the apartments shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests, and for no other purpose; the apartments shall not be rented for transient or hotel purposes, which are defined as (a) rental for any period less than thirty (30) days, or (b) any rental in which the occupants of the apartments are provided customary hotel services such as room service for food and beverage, maid service, laundry and linen or bellboy service; except for such transient or hotel purposes the owners of the respective apartments shall have the absolute right to lease such apartments subject to all provisions of the Declaration and the By-Laws attached hereto; provided, however, that no apartment owner may lease less than the entire apartment. The private park, as shown on the condominium map, shall be used as a private park and playground by the apartment owners in the manner intended by

Ordinance No. 4621 of the City and County of Honolulu,
Hawaii.

OWNERSHIP OF TITLE: Preliminary Title Reports issued by three different title Companies indicate the fee simple owners for each parcel of the property to be submitted to the regime are as follows:

1. For Parcel 27, Long & Melone, Ltd., report dated May 4, 1979 - Joseph Freitas Braz, unmarried and John Freitas Braz, unmarried; pursuant to lease dated September 26, 1972, filed as aforesaid as Document No. 600889, said fee owners leased the land to Glenn Kenji Okada, et al., which lease was assigned to Go Development Corp., a Hawaii corporation by assignment dated February 13, 1976, filed as aforesaid as Document No. 754192; by unrecorded letter agreement dated June 15, 1979, a copy of which has been supplied to the Commission, Go Development has agreed to assign said lease to the Developer upon issuance of the lease described in paragraph (2) hereof;

2. For Parcel 26, Hawaii Escrow & Title, Inc., report dated May 31, 1979 - Eleanor Freida Willard, unmarried; pursuant to Agreement of Sale dated May 23, 1979, filed as aforesaid as Document No. 940369, said fee owner sold her land to Glenn Kenji Okada, husband of Irene Toshie Okada, and Michael Masaru Kimura, husband of Carol Jean Kimura, who have agreed to grant a master lease covering the same to the Developer, pursuant to unrecorded letter agreement dated June 12, 1979, a copy of which has been supplied to the Commission;

3. For Parcel 45, First American Title Insurance Company report dated April 10, 1979, as updated by a continuation issued by National Title Corporation dated June 13, 1979 - Tatsuji Yoneyama and Shin Yoneyama, husband and wife; pursuant to lease dated June 8, 1979, filed as aforesaid as Document No. 945098, the fee owners leased the land to Go Development Corp., a Hawaii corporation; by unrecorded letter agreement dated June 15, 1979, a copy of which has been supplied to the Commission, Go Development has agreed to assign said lease to the Developer upon issuance of the lease described in paragraph (2) hereof.

ENCUMBRANCES AGAINST TITLE: The above Preliminary Title Reports provide that the following are encumbrances against title to the property:

1. For all Parcels: 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 First Division, City and County of Honolulu, Hawaii.

2. For Parcel 27:

(a) Lease dated September 26, 1972, filed as Land Court Document No. 600889, made by Joseph Freitas Braz, unmarried and John Freitas Braz, unmarried, as Lessor, and Glenn Kenji Okada, husband of Irene Toshie Okada, et al., as Lessee, which lease was assigned to Go Development Corp., a Hawaii corporation, by assignment dated August 29, 1975, filed as Land Court Document No. 740374.

(b) Mortgage dated February 13, 1976, filed as Land Court Document No. 754192, in favor of State Savings and Loan Association.

3. For Parcel 26:

(a) Mortgage dated February 3, 1966, filed as Land Court Document No. 381927, in favor of Pioneer Savings and Loan Association.

(b) Agreement of Sale dated May 23, 1979, filed as Land Court Document No. 940369, between Eleanor Freida Willard, unmarried, as Seller, and Glenn Kenji Okada, husband of Irene Toshie Okada, and Michael Masaru Kimura, husband of Carol Jean Kimura, as Purchaser.

(c) Title to all mineral and metallic mines reserved to the State of Hawaii.

4. For Parcel 45: Lease dated June 8, 1979, filed as Land Court Document No. 945098, made by Tatsuji Yoneyama and Shin Yoneyama, husband and wife, as Lessor, and Go Development Corp., a Hawaii corporation, as Lessee.

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

NOTE: The Developer has supplied to the Commission with a copy of a proposed Declaration of Restrictive Covenants it proposes to file of record concerning the use and maintenance of the private park in the project.

NOTE: The proposed form of Condominium Conveyance Document for the project contains the following provision:

"Lessee agrees not to construct any improvements on said premises which increase the current "floor area" of said premises as computed under the City and County of Honolulu Comprehensive Zoning Ordinance. Sublessor reserves the right and Lessee and Master Lessor authorize Sublessor, at Sublessor's option, to secure a permit for joint development of said premises with any adjoining land (under Section 21-281 of said Comprehensive Zoning Ordinance), for the purpose of allowing development of said adjoining land to a higher

density than would be allowable if said adjoining land were developed separately under the then applicable zoning ordinances. Sublessor may exercise this right to secure said joint development within ten (10) years from the date hereof. Sublessor within said period may assign to any owner, lessee or developer of any adjoining land said right and the right to enter into on behalf of Lessee and Master Lessor any necessary or appropriate joint development agreement under Section 21-281 of the said Comprehensive Zoning Code or otherwise to carry out the foregoing; provided, however, that the rights granted hereunder must be exercised within ten (10) years from the date hereof."

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated June 15, 1979, between Long & Melone, Ltd., as Escrow, and Developer has been filed with the Commission. On examination, the executed Escrow Agreement filed with the Commission is found to be in compliance with Chapter 514A, Hawaii Revised Statutes, and particularly Sections 514A-39, 514A-40 and 514A-63 through 514A-66 thereof.

The executed Escrow Agreement provides, among others, 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 cancellation fee, if purchaser shall in writing request refund of his funds and any one of the following shall have occurred:

(a) Escrow receives a written request from Seller to return to purchaser the funds of such purchaser then held hereunder by Escrow; or

(b) 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 the county officer having jurisdiction over the issuance of permits for construction, unless the purchaser has given written approval or acceptance of the change, or ninety (90) days have elapsed since the purchaser has accepted in writing the apartment or he has first occupied the apartment; or

(c) If the purchaser's funds were obtained prior to the issuance of a Final Public Report and 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 difference; or

(d) If the Final Public Report is not issued within one (1) year from the date of issuance of the Preliminary Public Report; provided that if the Final Public Report is issued after the one year period and a copy of the Final Public Report is delivered to the purchaser either personally

or by registered or certified mail with return receipt requested, notwithstanding any law to the contrary, the purchaser shall have thirty days from the date of delivery to exercise his right of refund and cancellation of obligation, after which period such right shall be deemed waived; provided, further, that such waiver shall be effective only if at the time the purchaser receives a copy of the Final Public Report, he is notified in writing of his right of refund and cancellation of obligation and the waiver of such right upon his failure to act within the thirty day period.

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

1. "Buyer acknowledges that neither Seller nor any of its representatives has made any representation or reference as to rental of the apartment, income from the apartment or any other economic benefit to be derived from the rental of the apartment, including, but not limited to, any reference or representation to the effect that Seller or the Managing Agent of the project will provide, directly or indirectly, any services relating to the rental of the apartment. It is understood and agreed that rental or other disposition of the apartment and the provisions of management services in connection therewith is and shall be the sole responsibility of the Buyer."
2. "Seller anticipates BUT DOES NOT WARRANT that the construction contract with the general contractor for the Project will contain a clause similar to Section 13.2.2 of AIA Document A201 which provides in pertinent part that:

"If, within one year after the Date of Substantial Completion . . . , any of the Work is found to be defective or not in accordance with the Contract Documents, the Contractor shall correct it promptly after receipt of a written notice from the Owner to do so unless the Owner has previously given the Contractor a written acceptance of such condition."

"Seller makes no warranties itself, but Seller agrees that the assignment by Seller to Buyer of any and all warranties given Seller by the General Contractor for the Project, including the above described Contractor's agreement to promptly correct any of its work found to be defective or not in conformance with the Construction Contract for a period of one (1) year after the "Date of Substantial Completion" of the apartment as defined in the Construction Contract and the benefit of such agreement shall accrue to Buyer on closing without further instruments or documents. Seller hereby agrees to cooperate with Buyer during the effective period of such agreement in asserting any claims based thereon. Buyer acknowledges and agrees that Seller is not

adopting the contractor's warranty or acting as co-warrantor but is merely attempting to pass through to Buyer the benefit of any such contractor's warranty, if any.

"Seller shall also assign to Buyer the unexpired term, if any, of any manufacturer's or dealer's warranties covering any furnishings, fixtures and appliances in the apartment. Buyer acknowledges that the Seller is only passing through to Buyer any such manufacturer's or dealer's warranties; Seller is not undertaking to adopt any such warranties or to act as co-warrantor with respect to any furnishings, fixtures or appliances covered thereby. The terms of the manufacturer's or dealer's written warranties are available for the Buyer's examination at the Seller's sales office.

"Except for the agreements set forth above, it is expressly understood and agreed by and between Seller and Buyer that SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, CONSUMER PRODUCTS INSTALLED THEREIN, THE PROJECT OF ANYTHING INSTALLED THEREIN, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS OF THE APARTMENT FOR A PARTICULAR PURPOSE."

3. "Reservation Agreement. Notwithstanding any other provision of this Agreement to the contrary, it is expressly understood and agreed 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 a fully executed receipt for the Final Public Report, that this Agreement shall represent only a reservation by the Buyer and shall not be binding upon either party hereto, and until such time, this Agreement 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 this Agreement is entered into after the issuance of the Final Public Report, this paragraph shall be of no force or effect and this Agreement shall be fully binding upon Buyer and Seller upon acceptance of this Agreement by Seller as provided in Paragraph "F-23" hereof."
4. "Buyer should be aware that Seller is not under any obligation whatsoever to sign this reservation agreement; until such time as Buyer has deposited his initial downpayment with escrow and has prequalified as a cash purchase or for any necessary financing, Seller will

not be executing this instrument and the same shall merely constitute an offer from Buyer. In the event Buyer has not placed his called-for downpayment in escrow and prequalified within forty-five (45) days from the date of execution of this instrument by Buyer, Seller may choose to disregard Buyer's said offer."

5. "Final closing shall occur on the Date of Closing as defined herein. However, Buyer is hereby advised that Seller intends to preclose, regardless of the status of the construction of the apartments, by having all documents necessary for closing executed prior thereto and deposited with Escrow, and Buyer hereby agrees to execute all necessary documents for such closing, including irrevocable escrow instructions, upon request by Seller."
6. "In the event any payment to be made by Buyer hereunder is not made when due, such late payment shall bear interest at the rate of one percent (1%) per month until paid."
7. "Buyer hereby agrees for the sole benefit of Seller that until Seller has closed out the sale of all the apartments in the condominium project or until December 31, 1981, whichever shall first occur, that Buyer will not enter into any "rental pool" or similar agreement with any purchaser, lessee or owner of another apartment in the condominium project and/or any third party under which Buyer agrees to share expenses and/or rentals of apartments in the condominium project."
8. "At the time of the preclosing described above, Buyer agrees to pay into escrow all sums due from Buyer at closing, excluding only the mortgage proceeds, if applicable."

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

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

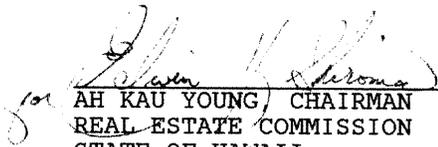
MANAGEMENT OF THE PROJECT: The By-Laws which are incorporated in the Declaration provide that the operation of the

project shall be conducted for the Association of Apartment Owners under the direction of the Board of Directors by a responsible managing agent. The specimen Sales contract provides that the Developer may appoint the initial managing agent for the project. The Developer indicates that it appointed Go Properties, Inc., as the initial managing agent.

STATUS OF PROJECT: The Developer advises that it estimates construction of the project will begin in August, 1979. Estimated completion is October, 1980.

The purchaser or prospective purchaser should be cognizant of the fact that this Public Report represents information disclosed by the Developer in the required Notice of Intention submitted July 3, 1979 and information subsequently filed on July 16, 1979.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1148 filed with the Commission on July 3, 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.


for AH KAU YOUNG, CHAIRMAN
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

DEPARTMENT OF TAXATION
BUREAU OF CONVEYANCES
PLANNING COMMISSION, CITY AND COUNTY
OF HONOLULU
FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT

REGISTRATION NO. 1148

July 25, 1979

EXHIBIT

1. Apartment No. 100 is located on the first floor.

2. Apartment Nos. 202 and 203 are located on the second floor.

3. Apartment Nos. 301, 302, 303 and 304 are located on the third floor.

4. Apartment Nos. 401, 402, 403 and 404 are located on the fourth floor.

5. Apartment Nos. 501, 502, 503 and 504 are located on the fifth floor.

6. Apartment Nos. 601, 602, 603 and 604 are located on the sixth floor.

7. Apartment Nos. 701, 702, 703 and 704 are located on the seventh floor.

8. Apartment Nos. 801, 802, 803 and 804 are located on the eighth floor.

9. Apartment Nos. 901, 902, 903 and 904 are located on the ninth floor.

10. Apartment Nos. 1001, 1002, 1003 and 1004 are located on the tenth floor.

11. Apartment Nos. 1101, 1102, 1103 and 1104 are located on the eleventh floor.

12. Apartment Nos. 1201, 1202, 1203 and 1204 are located on the twelfth floor.

13. Apartment Nos. 1401, 1402, 1403 and 1404 are located on the thirteenth floor.

14. Apartment Nos. 1501, 1502, 1503 and 1504 are located on the fourteenth floor.

15. Apartment No. 100 is built according to a floor plan consisting of four (4) rooms, including a bedroom, a living-dining room, a kitchen, a bathroom and a yard, and contains a floor area of approximately 816 square feet, including the yard of approximately 186 square feet; this apartment shall have an appurtenant common interest of 1.0468%.

16. Two (2) apartments, being Apartment Nos. 202 and 203, are built according to a floor plan or its mirror image consisting of six (6) rooms, including two (2) bedrooms, two (2) bathrooms, a living-dining room, a kitchen and a lanai, each apartment containing a floor area of approximately 1,220 square feet, including the lanai of approximately 255 square feet. Each of these apartments shall have an appurtenant common interest of 1.6038%.

17. The other forty-eight (48) apartments of the project listed above are built according to a floor plan (or its reverse) or their mirror images consisting of six (6) rooms, including two (2) bedrooms, two (2) bathrooms, a living-dining room and a kitchen, each apartment containing a floor area of approximately 1,200 square feet. (Note: Apartment Nos. 303, 403, 503, 603 and 703 are built according to this floor plan, except that an interior wall has been moved such that master bedroom bath of these apartments is one foot wider with a sliding door). Each of these apartments has an appurtenant common interest of 1.9947%.