

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

HAWAIIAN KING
417 Nohonani Street
Honolulu, Hawaii

REGISTRATION NO. 1165 (CONVERSION)

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: December 19, 1980
Expires: January 19, 1982

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 AUGUST 29, 1979, AND INFORMATION SUBSEQUENTLY FILED AS OF December 19, 1980. DEVELOPER IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY REGIMES ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. Since the issuances of the Commission's Preliminary Public Report of March 27, 1980 on HAWAIIAN KING Condominium Registration No. 1165, the Developer reports material changes have been made in the plan or set up of the project.

This Final Public Report supersedes the Preliminary Public Report issued on March 27, 1980 and restates the project in its entirety.

2. The HAWAIIAN KING is a leasehold condominium project consisting of sixty-seven (67) commercial hotel-apartments and three (3) retail apartments located in a six-story building presently existing on the property. The project will also contain a swimming pool. There are no parking facilities within the project.
3. The Developer has submitted to the Commission for examination all documents deemed necessary for the registration of this proposed condominium project and the issuance of this Final Public Report.
4. The Declaration and By-Laws dated December 11, 1980, have been filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1046092.

The Office of Assistant Registrar of the Land Court of the State of Hawaii has assigned Condominium Map No. 442 to the project.

5. Advertising and promotional materials required to be filed pursuant to the Rules and Regulations promulgated by the Commission will be submitted prior to public dissemination.
6. 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 Regimes.
7. This Final Public Report automatically expires thirteen (13) months after date of issuance, December 19, 1980, unless a Supplementary Public Report issues or the Commission upon review of the registration issues an order extending the effective period of this report.
8. This Final Public Report is made a part of the registration of HAWAIIAN KING. The Developer is responsible for placing a true copy of the Preliminary Public Report (yellow paper stock), this Final Public Report (white paper stock) and revised Disclosure Abstract in the hands of all purchasers and prospective purchasers and securing from each purchaser or prospective purchaser a signed receipt therefor.

NAME OF PROJECT: HAWAIIAN KING

LOCATION: The project is located at 417 Nohonani Street, Honolulu, Hawaii, on a parcel of 15,600 square feet.

TAX MAP KEY: 2-6-21-102 (1st Division).

ZONING: The property is located within the Waikiki Special Design District and is presently zoned for resort-commercial use.

DEVELOPER: The Developer is Neil Petagno, Inc., a Hawaii corporation, whose business address is 417 Nohonani Street, Penthouse, Honolulu, Hawaii 96815, telephone: 923-5035. The officers are Neil P. Petagno, President; Gail M. H. Petagno, Vice President-Secretary; and Thomas J. Burns, Treasurer.

ATTORNEY REPRESENTING DEVELOPER: Tamotsu Tanaka, Attorney at Law, A Law Corporation, 333 Queen Street, Suite 600, Honolulu, Hawaii 96813, telephone: 523-7581.

DESCRIPTION OF PROJECT: There is one six-story building, fronting on the southeast, (Diamond Head), side of Nohonani Street, which has three wings, one center wing running along Nohonani Street, and two wings running perpendicular to the center wing away from Nohonani Street, being the mauka and makai wings, and an open ground floor courtyard in the center of the building. The building is constructed primarily of reinforced concrete and hollow tile, has no parking stalls or basement, and contains a total of seventy (70) apartments. There is a swimming pool located in the ground floor courtyard.

The project is hereby divided into separate freehold estates or "apartments" which may be separately sold, leased, transferred, encumbered or otherwise disposed of:

1. Apartments. Seventy (70) separate freehold estates are hereby designated within the perimeter walls, floors and ceilings of each of the seventy (70) apartment units contained in the project, which spaces, together with appurtenant lanais, if any, defined and referred to herein as "apartments", are designated on said Condominium Map and described as follows:

(a) Commercial Hotel-Apartments - One-bedroom Apartments. There are sixty-six (66) one-bedroom apartments designated on the Condominium Map by apartment type and by numerical designation. Each type "A" apartment has a living-dining room, one bedroom, dressing area with closets, one bathroom and a kitchen area. Each type "B", "C", and "D" apartment has a living-dining room, one bedroom, dressing area with closets, one bathroom, a kitchen area, and foyer. The first numerical designation of each apartment indicates the floor on which it is located and the last two numerals indicate the location of the apartment on the floor.

Apartments 101 through 105, inclusive, of the mauka wing, and apartments 108 through 112, inclusive, of the makai wing, are located on the first floor and are all type "A" apartments. Apartments 102 through 105, inclusive, and 108 through 111, inclusive, each contain a total floor area of approximately 468 square feet,

excluding a lanai having a total floor area of approximately 180 square feet. Apartment 101 contains a total floor area of approximately 490 square feet, excluding a lanai having a total floor area of approximately 180 square feet. Apartment 112 contains a total floor area of approximately 490 square feet, excluding a lanai having a total floor area of approximately 280 square feet. There are no apartments numbered 106 or 107.

Apartments 202 through 205, inclusive, 302 through 305, inclusive, 402 through 405, inclusive, and 502 through 505, inclusive, all being in the mauka wing, and 210 through 213, inclusive, 310 through 313, inclusive, 410 through 413, inclusive, and 510 through 513, inclusive, all being in the makai wing, are type "A" apartments, each containing a total floor area of approximately 468 square feet, excluding a lanai having a total floor area of approximately 90 square feet.

Apartments 201, 301, 401 and 501, all being in the mauka wing, and 214, 314, 414 and 514, all being in the makai wing, are type "A" apartments, each containing a total floor area of approximately 490 square feet, excluding a lanai having a total floor area of approximately 165 square feet.

Apartments 206, 209, 306, 309, 406, 409, 506 and 509, all being in the center wing, are type "B" apartments, each containing a total floor area of approximately 619 square feet, excluding two lanais per apartment having a total floor area of approximately 169 square feet per apartment.

Apartments 207, 307, 407 and 507, all being in the center wing, are type "D" apartments, each containing a total floor area of approximately 569 square feet, excluding a lanai having a total floor area of approximately 45 square feet.

Apartments 208, 308, 408 and 508, all being in the center wing, are type "C" apartments, each containing a total floor area of approximately 601 square feet, excluding a lanai having a total floor area of approximately 45 square feet.

The foregoing apartments and apartment 601 described below are hereinafter sometimes referred to as the "commercial hotel-apartments".

(b) Commercial Hotel-Apartment - Penthouse. There is one penthouse designated on the Condominium Map as apartment 601, which is located on the sixth floor, in the center wing. It is designated on the Condominium Map as a type "E" apartment and has a living room, three bedrooms, dressing area with closets, two and one-half bathrooms, a kitchen area, and foyer, and contains a total floor area of approximately 1,794 square feet. It has no lanai.

(c) Retail Apartments. There are three (3) apartments located on the first floor which are designated on the Condominium Map as apartments "A", "B" and "C". Apartment "A" contains a total floor area of approximately 869 square feet. Apartment "B" contains a total floor area of approximately 1,461 square feet. Apartment "C" contains a total floor area of approximately 435 square feet. All of said apartments front Nohonani Street and have no lanais.

The foregoing apartments are hereinafter sometimes referred to as the "retail apartments".

2. Floor Area of Apartments. The approximate apartment total floor areas set forth above are based on measurements taken to the exterior of all perimeter walls, except that, where a perimeter wall separates two apartments, the measurement has been taken to the centerline of such perimeter wall, and no reduction has been made to account for interior walls, ducts, vents, shafts, stairways and the like located within the perimeter walls. All approximate lanai total floor areas set forth above are based on measurements taken to the exterior of all perimeter walls, to the exterior edge of the railings of the lanai or lanais where there is no such wall, or to the exterior edge of the concrete floor where there is no such wall or railings, except that, in the case of the perimeter walls separating the interior of the apartments from the lanai or lanais, the measurement has been taken from the exterior of such walls, and, where a perimeter wall of a lanai separates the lanai from another apartment or its lanai, the measurement has been taken to the centerline of such perimeter wall. All floor areas set forth above are not exact but are approximations based on the floor plans of each type of apartment.

All of the floor areas set forth above have been measured in accordance with local architectural practice. These measurements do not follow the designation of the limits of the apartments (the legally designated areas of the apartments) set forth below and the floor areas set forth above are greater than the floor areas of the apartments as so designated and described below.

3. Access of Apartments. Each of the apartments on the second through sixth floors have access to an elevator, walkways and stairways leading to upper and lower floors of the building and to the lobby and courtyard.

Each of the first floor commercial hotel-apartments have access to the courtyard and walkways leading to the lobby.

Each of the retail apartments have access to Nohonani Street and to walkways leading to the lobby.

4. Limits of Apartments. Notwithstanding the floor areas set forth above and the manner in which such floor areas have been measured, the respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls or partitions, the foundations, columns, girders, beams, supports, roofs, skylights, ceilings and floors located within or at the perimeter of or surrounding such apartment, or any fire sprinklers or their components and any pipes, wires, vents, shafts, ducts, conduits or other utility or service lines or enclosed spaces for wiring, pipes, air exhaust or air conditioning running through or otherwise located within such apartment, which are utilized for or serve more than one apartment, the same being deemed common elements as hereinafter provided. Each apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, all windows, window frames, door and door frames along the perimeter, the lanai or lanais, if any, shown on the Condominium Map to the inner decorated or finished surfaces of the

exterior perimeter walls, if any, of such lanai or lanais or to the exterior of any railings where there is no such wall, and the built-in fixtures, if any, within the apartment.

COMMON ELEMENTS: One freehold estate is hereby designated in all remaining portions of the project, being described and referred to herein as "common elements", including specifically, but not limited to:

- (a) Said land in fee simple;
- (b) All foundations, floor slabs, columns, beams, supports, unfinished perimeter walls and load-bearing walls, roofs, chases, corridors, stairs, stairways, entry halls, walkways, entrances and exits of said building;
- (c) All yards, grounds, landscaping, refuse areas, planter boxes and mailboxes;
- (d) 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;
- (e) Elevator, lobby, storage room, telephone equipment room, reception room, manager's office, first floor toilets, open laundry area, swimming pool, courtyard and swimming pool deck, and sixth floor transformer room;
- (f) Any and all other apparatus and installations of common use and all other parts of the project necessary or convenient to its existence, maintenance and safety, or normally in common use.

NOTE: No parking stalls are available in the project. The Developer may, however, lease up to twenty (20) off-site parking stalls on behalf and for the benefit of the Association of Apartments Owners of the project. In the event Developer leases any such off-site parking stalls as aforesaid, the lease rent and all other expenses for such guest parking stalls shall be deemed to be common expenses of the project to be prorated among all the apartment owners in proportion to the common interest appurtenant to their respective apartments, according to the Declaration for the project.

LIMITED COMMON ELEMENTS: A part of the common elements, the sundeck on the sixth floor of the project, shall be a limited common element which is hereby set aside and reserved for the exclusive use of apartment 601, and such apartment shall have appurtenant thereto an exclusive easement for the use of such limited common element. Notwithstanding anything to the contrary contained in the Declaration and the By-Laws attached thereto as Exhibit "B", the apartment owner of apartment 601 shall be responsible for the cost of repairing and

maintaining any floor covering of such limited common element appurtenant to his apartment, such as but not limited to indoor/outdoor carpeting; provided that such repair and maintenance by the apartment owner of apartment 601 shall not extend to any leakage problems involving the floor slab under such floor covering. Any such leakage problem involving the common element floor slab shall be a common expense of the project pursuant to paragraph I of the Declaration.

COMMON INTEREST: Each apartment shall have appurtenant thereto an undivided percentage interest in the common elements of the project, hereinafter referred to as 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:

<u>Apartments</u>	<u>Percentage (each apartment)</u>	<u>Percentage (Total)</u>
1. 101	1.469%	1.469%
2. 102 through 105, inclusive 108 through 111, inclusive	1.420%	11.360%
3. 112	1.688%	1.688%
4. 201, 301, 401, 501, 214, 314, 414, and 514	1.436%	11.488%
5. 202 through 205, inclusive; 210 through 213, inclusive; 302 through 305, inclusive; 310 through 313, inclusive; 402 through 405, inclusive; 410 through 413, inclusive; 502 through 505, inclusive; 510 through 513, inclusive	1.224%	39.168%
6. 206, 209, 306, 309, 406, 409, 506, and 509	1.728%	13.824%
7. 207, 307, 407, and 507	1.346%	5.384%
8. 208, 308, 408, and 508	1.416%	5.664%
9. 601	3.933%	3.933%
10. Retail apartment "A"	1.905%	1.905%
11. Retail apartment "B"	3.203%	3.203%
12. Retail apartment "C"	0.914%	<u>0.914%</u>
		100.000%

NOTE: The retail apartments' utilities are not separately metered and thereby are included in the common expenses of the project.

PURPOSE OF BUILDING AND USE RESTRICTIONS: The commercial hotel-apartments shall at all times be used only for the purpose of maintaining and operating a commercial hotel-apartment with respect to such apartments or for other lawful purposes not prohibited by the following provisions, and for no other purpose whatsoever, and the retail apartments shall at all times be used only for the purpose of maintaining and operating a commercial retail store or for other lawful purposes not prohibited by the following provisions, and for no other purpose whatsoever:

The Association of Apartment Owners of the project and any apartment owner or owners shall not operate any business upon or within the project premises or within any apartment or permit any concessionaire, licensee, sublessee or other person to operate any business upon or within the project premises or in any apartment in violation of any applicable zoning or building law, ordinance or regulation. Nor shall the Association or any apartment owner use any portion of the project or any apartment or permit any concessionaire, licensee, sublessee or any other person to use any portion of the project or any apartment for the storage, display and/or sale of any pornographic materials, books, magazines, movies or peep shows, for the conducting of any dating service or brokerage, massage parlor, fortune-telling or palm reading business, photographic salon or studio devoted to nude photography or display of such photographs, nudist club, or club, room or den where narcotics are or marijuana is illegally offered, sold, used, stored or otherwise made available, or for the operation of such machines or any device, arrangement or activity for the purpose of gambling, social or otherwise. Nor shall the Association or any apartment owner use, lease, rent or convey or permit any concessionaire, licensee, sublessee or any other person to use, lease, rent or convey the project or any apartment or any portion thereof under or in connection with any time-sharing plan, agreement or arrangement. For purposes of the foregoing, a time-sharing plan, agreement or arrangement shall mean any arrangement, plan, program, scheme or similar device as shall be defined from time to time as "time-sharing" by any applicable city and county, state or federal statute, ordinance, code, regulation or other law. Nor shall the Association or any apartment owner use, lease, rent or convey or permit any concessionaire, licensee, sublessee or any other person to use, lease, rent or convey the project or any apartment or any portion thereof for any purpose deemed "residential" within the meaning of Chapters 516 and/or 519 of the Hawaii Revised Statutes, as amended from time to time, or any regulation promulgated thereunder or pursuant thereto, or any successor, substitute or similar laws, regulations or ordinances, it being the intent of the foregoing that no use of the project or any apartment or any portion thereof shall be permitted which will render applicable thereto the provisions of said Chapters 516 and/or 519, as amended from time to time, or any regulation promulgated thereunder or pursuant thereto, or the provisions of any other law, regulation or ordinance granting any person the right to acquire the fee simple interest in the project or any apartment or any portion thereof, limit increases in lease rentals upon any reopenings or otherwise or obtain any reimbursements for leasehold improvements, or otherwise giving any person other rights in derogation of the terms contained in the Master Lease, Master Sublease or any apartment lease issued by the Owner and/or Sublessor. Nor shall the Association or any apartment owner assign or otherwise convey its or his interest in the project or any apartment or any

portion thereof to any land trust established under or pursuant to Chapter 558 of the Hawaii Revised Statutes, or any successor or substitute law, or to any other similar trust now or hereafter permitted under, or provided for in, the laws of any jurisdiction. Except as may be expressly permitted under and only in accordance with the express provisions of any apartment lease issued by Owner and/or Sublessor, any apartment owner or owners of any commercial hotel-apartment of the project shall not use or permit any concessionaire, licensee, sublessee or other person to use any such commercial hotel-apartment, or any portion thereof, as a restaurant, snack bar, cocktail lounge, discotheque, game or amusement machine arcade, convenience store or novelty shop or any other store or shop or any other uses which are not commercial hotel-apartment uses. In the event that any such use shall be permitted under any such apartment lease with respect to any such commercial hotel-apartment, such apartment shall be deemed to be a retail apartment, the apartment owner or owners thereof shall be deemed to be owners of a retail apartment and their guests, customers, invitees, licensees, employees, concessionaires and sublessees shall be deemed to be guests, customers, invitees, licensees, employees, concessionaires and sublessees of an apartment owner of a retail apartment, in each case for all purposes of the Declaration and the By-Laws of the project, as may be amended from time to time. Except for the establishment of the Hawaiian King condominium project, as provided in the Declaration, the establishment, sale, assignment, transfer or other conveyance of any other right or interest in the project or in any apartment pursuant to any plan or procedure affecting substantially the same result as a condominium, time-sharing plan or land trust, e.g., without limiting the generality of the foregoing, a cooperative or the like, shall also be prohibited.

OWNERSHIP OF TITLE: The preliminary title report by Title Guaranty of Hawaii, dated September 23, 1980, reflects that the ownership of the property is vested as follows:

Fee owner is The Queen Emma Foundation, a Hawaii eleemosynary corporation, formerly known as The Queen's Hospital.

ENCUMBRANCES: Said preliminary title report, dated September 23, 1980, by Title Guaranty of Hawaii shows title to the property to be subject to the following encumbrances:

1. For any real property taxes due and owing, reference is made to the Office of the Tax Assessor, First Division.
2. EASEMENT : "L" (6 feet wide)
PURPOSE : Sanitary sewer
LOCATION : Along the Southeasterly boundary of Lot 37
SHOWN : On Maps 22 and 19, as set forth by Land Court Order No. 15302, filed April 3, 1957

ABOVE EASEMENT GRANTED

TO : City and County of Honolulu
PURPOSE : To construct underground sewer
pipelines
DATED : May 3, 1957
FILED : Land Court Document No. 205368

3. Terms, agreements, reservations, covenants, conditions, and provisions contained in unrecorded Lease dated August 1, 1958, made by and between The Queen's Hospital, a Hawaii eleemosynary corporation, as Lessor, and Waikiki Development Co., a California corporation authorized to hold real estate in the Territory of Hawaii, as Lessee; of which a Short Form is dated August 1, 1958 and filed as Land Court Document No. 225179; leasing Lot 37 for a term of 52 years and 5 months from November 1, 1957 to and including March 31, 2010.

Said Lease (Besides other Leases) by mesne assignments was assigned to WDC Venture, a registered Hawaii general partnership, by assignment dated June 23, 1976, filed as Document No. 770261. Consent by Paul Whitney Trousdale, et al, dated June 23, 1976, filed as Document No. 770261-A, and by The Queen's Medical Center, dated June 22, 1976, filed as Document No. 770262.

NOTE: Said Lease was amended and restated in its entirety by instrument dated December 11, 1980, by and between The Queen Emma Foundation, a Hawaii nonprofit corporation, as Lessor, and said WDC Venture, as Lessee, filed as Document No. 1046090.

Said Lease is subject to the following:

A. Mortgage dated June 23, 1976, filed as Document No. 770255, made by Paul Whitney Trousdale, husband of Jean Vick Trousdale, et al, in favor of Home Savings and Loan Association, a California corporation, to secure the repayment of the sum of \$8,175,000.00. (Besides other Leases)

B. By instrument dated June 23, 1976, filed as Document No. 770256, Paul Whitney Trousdale, husband of Jean Vick Trousdale, et al, assigned to Home Savings and Loan Association, all of their right, title and interest as Lessor in any and all lease or subleases now in existence or hereafter made with respect to that certain Mortgage Document No. 770255, besides another mortgage.

4. Terms, agreements, reservations, covenants, conditions and provisions contained in unrecorded Sublease dated August 2, 1958, made by and between Waikiki Development Co., a California corporation, as Sublessor, and Herbert Kui Han Lee, husband of Irene Yap Lee, as Sublessor; of which a Short Form is dated August 2, 1958 and filed as Document No. 225180; subleasing Lot 37 for a term of 52 years, 4 months and 30 days from November 1, 1957 to and including March 30, 2010.

Said Sublease by mesne assignments was assigned to Neil Petagno, Inc., a Hawaii corporation, by assignment dated June 22, 1979, filed as Document No. 947798. Consent by WDC Venture, a registered Hawaii general partnership, dated June 21, 1979, filed as Document No. 947799, and by The Queen's Medical Center, dated June 22, 1979, filed as Document No. 947800.

NOTE: Said Sublease was amended and restated in its entirety by instrument dated December 11, 1980, by and between The Queen Emma Foundation, a Hawaii corporation, as Lessor, said WDC Venture, as Lessee-Sublessor, and said Neil Petagno, Inc., as Sublessee, filed as Document No. 1046091.

Said Sublease is subject to the following:

A. MORTGAGE

MORTGAGOR : HAWAIIAN KING HOTEL, INC., a
Hawaii corporation

MORGAGEE : HERBERT KUI HAN LEE, husband
of Irene Yap Lee

DATED : June 22, 1979
FILED : Land Court Document No. 947796
AMOUNT : \$2,375,000.00
CONSENT : By The Queen's Medical Center,
dated June 22, 1979, filed as
Document No. 947797

ABOVE MORTGAGE AMENDED BY INSTRUMENT

DATED : June 26, 1979
FILED : Land Court Document No. 948382
RE : To show current assets and
liabilities, etc.

B. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : NEIL PETAGNO, INC., a Hawaii
corporation

MORTGAGEE : BANCORP FINANCE OF HAWAII, INC.
DATED : December 9, 1980
FILED : Land Court Document No. 1046093
AMOUNT : \$400,000.00

NOTE: The Developer has advised the Real Estate Commission that prior to the issuance of the first Retail Apartment Lease or Commercial Hotel-Apartment Lease, the mortgage listed as item A under paragraph 3 hereinabove shall be subordinated to the interests of all apartment lessees and their successors and assigns; and the mortgages listed under paragraph 4 hereinabove shall be released by duly filed releases of mortgages. The filing of such subordination agreement and releases of mortgages with the Assistant Registrar of the Land Court of the State of Hawaii shall be deemed to automatically amend the Declaration of Horizontal Property Regime for the Hawaiian King condominium project as to the subordination or releases of said mortgages. Subsequent to the filing of aid releases of mortgages listed under paragraph 4 hereinabove, a mortgage for the renovation of the project and other costs related to the project (hereinafter referred to as "renovation mortgage") shall be filed against all apartments in the project and their respective common interests. The Developer shall be releasing such apartments and their respective common interests from said renovation mortgage prior to the assignment of apartment leases to purchasers of such apartments by partial releases duly recorded.

PURCHASE MONEY HANDLING: The executed escrow agreement dated August 22, 1979, identifies Bank of Hawaii as the "Escrow" and provides that a purchaser shall be entitled to a return of his funds, and Escrow shall pay such funds to such purchaser, without interest, and less \$25.00 cancellation fee 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:

- (a) Developer shall have requested Escrow to return to purchaser the funds of purchaser then being held by Escrow; or
- (b) 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
- (c) 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
- (d) 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
- (e) The Final Report shall not have been issued within one (1) year from the date of issuance of the Preliminary Report.

Upon refund of said funds to purchaser as aforesaid, Escrow shall return to Seller such purchaser's sales contract and any Apartment Deed therefore delivered to Escrow, and thereupon neither the purchaser nor Seller shall be deemed obligated thereunder.

Among other provisions, the specimen Sales Contract provides: (1) that Developer may terminate all sales contracts if by June 30, 1981, (i) the Developer has not negotiated an extension of lease or the issuance of a new fifty-five year lease from the Lessor or (ii) less than 50 apartments have been sold by December 31, 1981; (2) the purchaser agrees to purchase the apartment in an "as is" condition, except for new appliances, carpets and drapes, and (3) Purchaser agrees that all rights of Purchaser are subject and subordinate to the lien of any mortgage(s) made to finance the cost of renovation of the project by Seller and to any and all sums which may become a lien pursuant to the terms of such mortgage(s).

Upon examination, the specimen Sales Contract and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, and particularly with Sections 514A-37, 514A-39 and 514A-63 to 514A-66. A prospective purchaser should carefully examine the form of specimen sales contract and escrow agreement to determine the time for and the amount of the installment payments on the purchase price and the payment of closing costs.

MANAGEMENT AND OPERATION: The Developer entered into an initial property management contract with ALLIANCE REALTY & MANAGEMENT, whose principal place of business and mailing address is 677 Ala Moana Boulevard, Suite 307, Honolulu, Hawaii, on August 4, 1979, and has submitted a copy thereof with its Notice of Intention.

STATEMENT OF FINANCING: The Developer has informed the Commission that it intends to cause the issuance of agreements of sale to purchasers upon the confirmed sale of 50 apartments and use proceeds from its sale of the 50 apartments to pay off the mortgages and other liens. Developer has not submitted any institutional financing program for the purchase of individual units.

CONVERSION OF PROPERTY: The project involves the conversion of an existing building into a condominium project. A building permit for construction of the building was issued in 1959.

The existing building and the use of the land and the building are non-conforming under Ordinance 4573, of the City and County of Honolulu, as amended, and the Comprehensive Zoning Code of the City and County of Honolulu as to the following:

- a. Setbacks - The front of the building encroaches 20 feet into the required 20-foot setback.
- b. Landscaping - Inadequate to meet present requirement.
- c. Use - Apartment use would not have been permitted under the existing ordinances.

Additional construction, including alterations, is presently subject to Section 21-1.7 of the Comprehensive Zoning Code of the City and County of Honolulu and Section VI of said Ordinance 4573, which relate to nonconformities and will in the future be subject to similar restrictions. As a non-conforming building being used for a non-conforming use, the Apartment Owners and Association may have difficulty rebuilding the building in its present form and with the same total floor area unless a zoning variance is granted by the Zoning Board of Appeals of the City and County of Honolulu.

A notice of violation issued by the Building Department of the City and County of Honolulu, noted as a deficiency in the Preliminary Public Report for this project, regarding the lack of off-street parking spaces for the project has been discharged by the District Court of the First Circuit of the State of Hawaii. A copy of the Certificate of said discharge is on file with the commission. Therefore, except as stated above, upon completion of the renovation program the project will be in compliance with all ordinances, codes, rules, regulations or other requirements which were in force at the time of construction of the building. No variances have been granted from any ordinance, code, rule, regulation, or other requirement in force at the time of construction of the building or from any current ordinance, code, rule, regulation or other requirement.

STATUS OF PROJECT: Upon the sale of 50 apartments and the completion of satisfactory financing arrangements the Developer will commence renovation of the building which include installation of new draperies, new wallpaper, new lanai floor coverings, new carpeting and new vinyl flooring.

SPECIAL NOTATIONS: Purchasers and prospective purchasers are advised of the following:

RENTALS:

(a) There is no rental pool arrangement with respect to the sale of the apartments.

(b) There is no requirement, directly or indirectly, that a Purchaser join, participate or become a member of a rental pool or other collateral arrangement involving the spreading of rental income among all participants in a rental program.

(c) No Purchaser is required or obligated to employ, engage or use a particular rental agent if the Purchaser desires to rent his apartment. Each Purchaser has the sole responsibility and discretion to employ any rental agent of his choice. Any rental agent that may have an office within the Project ("on-site agent") is not connected or affiliated with the Seller; S & E Investments, Inc., the broker for the Project; Alliance Realty & Management; The Queen's Emma Foundation; or WDC Venture. Purchaser may elect not to utilize the services of any such on-site agent without breaching or creating a default under his Sales Contract or any apartment lease to be issued to Purchaser. Should the on-site rental agent be chosen by Purchaser as a rental agent, the rental agent will act as a separate rental agent for Purchaser, with a separate agreement for Purchaser. Such agreement is to provide that all proceeds from the

rental of Purchaser's Apartment, less agreed upon fees and expenses, will be remitted directly to Purchaser.

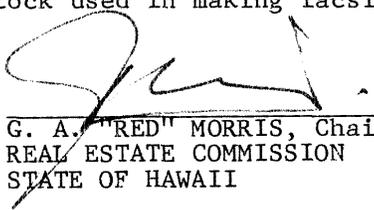
(d) Except as hereinabove provided, there is no requirement which restricts the period during which the Purchaser must occupy his apartment, or which requires that the apartment be available for rent or that if the apartment is available for rent, that the apartment be available for a designated period of time.

(e) THIS CONDOMINIUM PROJECT AND ANY ACCOMPANYING INFORMATION MATERIAL HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSIONER OF SECURITIES OF THE STATE OF HAWAII AND THE COMMISSIONER HAS NOT PASSED UPON THE ACCURACY OR ADEQUACY OF SUCH INFORMATION MATERIAL. FURTHER, THE PROJECT HAS NOT BEEN REGISTERED UNDER THE FEDERAL SECURITIES ACT OF 1933 OR ANY OTHER FEDERAL SECURITIES STATUTES.

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 August 29, 1979, and information subsequently filed as of December 19, 1980.

This FINAL HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1165 filed with the Commission on August 29, 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.


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

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REGISTRATION NO. 1165

Dated: December 19, 1980