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

HAWAIIAN KING
417 Nohonani Street
Honolulu, Hawaii

REGISTRATION NO. 1165

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: March 27, 1980
Expires: April 27, 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 AUGUST 29, 1979, AND INFORMATION SUBSEQUENTLY FILED AS OF MARCH 10, 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. The HAWAIIAN KING is a proposed leasehold condominium project consisting of sixty-seven (67) residential apartments and two (2) commercial 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.

2. 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 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 recording officer.

4. No advertising or promotional materials 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 Regimes.

6. This Preliminary Public Report automatically expires thirteen (13) months after date of issuance, March 27, 1980, unless a Supplementary or Final Public Report issues or the Commission upon review of the registration issues an order extending the effective period of this report.

7. This Preliminary Public Report is made a part of the registration of HAWAIIAN KING. The Developer is responsible for placing a true copy of this Preliminary Public Report (yellow paper stock) and 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 presently zoned for resort-commercial use.

DEVELOPER: The Developer is Neil Petagno, Inc., a Hawaii corporation, whose business address is Suite 2105, 745 Fort Street,

Honolulu, Hawaii 96813, telephone: 521-5022. 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, 888 Mililani Street, Suite 703, Honolulu, Hawaii 96813, telephone: 523-7581.

DESCRIPTION OF PROJECT: The project consists of a six-story building constructed primarily of hollow tile, wood and concrete. There is one 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 courtyard in the center of the building. The building is constructed primarily of reinforced concrete and hollow tile, has no parking stalls, and includes two commercial spaces totalling 2068 square feet, which adjoin the lobby. There is a swimming pool located in the ground floor courtyard.

The residential apartments and commercial spaces, defined and referred to herein as "units" are designated on said plans and described as follows:

1. Residential Apartments. Sixty-seven separately designed and ascribed freehold estates consisting of the spaces within the perimeter walls of each of the sixty-seven apartment units in one six-story building without a basement constructed of hollow tile and reinforced concrete, which spaces, defined and referred to herein as "apartments" are designated on said plans and described as follows:

(a) One-bedroom apartments. There are sixty-six (66) one-bedroom apartments. 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.

Apartments 101 through 105, inclusive, of the mauka wing, and apartments 106-110, inclusive, of the makai wing, are located on the ground floor and are all type "A" apartments. Apartments 102 through 109, inclusive, contain a total area of approximately 468 square feet, excluding a lanai having an area of approximately 180 square feet. Apartment 101 contains a total area of approximately 490 square feet, excluding a lanai having an area of approximately 180 square feet. Apartment 110 contains a total area of approximately 490 square feet, excluding a lanai having an area of approximately 280 square feet.

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 area of approximately 468 square feet, excluding lanais having an area of approximately 90 square feet each.

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 area of approximately 490 square feet, excluding lanais having an area of approximately 165 square feet each.

Apartments 206, 209, 306, 309, 406, 409, 506, and 509, all being in the center wing, are type "B" apartments, each containing a total area of approximately 619 square feet, excluding lanais having an area of approximately 100 square feet each.

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

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

(b) Penthouse. There is one penthouse, apartment no. 601, which is located on the sixth floor, center wing. It consists of a living room, three bedrooms, dressing area with closets, two bathrooms, a kitchen area, and foyer, and contains a total area of approximately 1,794 square feet, excluding a sundeck having an area of approximately 2,805 square feet.

2. Commercial spaces. The first level commercial spaces designated on said condominium map as commercial spaces "A" and "B" are located on the mauka and makai sides of the lobby, respectively. Commercial space "A" contains a total area of approximately 869 square feet. Commercial space "B" contains a total area of approximately 1461 square feet. Both stores front Nohonani Street.

3. Access to Apartments. Each of the residential apartments have access to an elevator walkway and a stairway leading to upper floors of the building and to the lobby, which in turn leads to Nohonani Street. Each of the apartments also have access to walkways leading to two stairways which in turn lead to upper floors of the building and to the ground level courtyard.

Each of the commercial spaces have access to Nohonani Street and to walkways leading to the lobby and ground floor toilet.

4. Limits of Residential Apartments. The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls, floors and ceilings surrounding each apartment or any pipes, wires, conduits, or other utility 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 be deemed to include all the walls and partitions which are not load-bearing within its perimeter walls, windows and window frames, door and door frames, floor and ceilings, and, where applicable, the air space bounded by the lanai enclosure, and the built-in fixtures within the apartment.

5. Limits of Commercial Spaces. The respective commercial spaces shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load bearing walls. The floors and ceilings surrounding each of them or any pipes, wires, conduits, or other utility lines running through them which are utilized for or serve more than one unit are deemed common elements as hereinafter provided. Each commercial area shall be deemed to include all the walls and partitions, floors and the air space up to 10 feet and 3 inches as shown on the Condominium Map, which are not load bearing within its perimeter walls. Additionally, the boundary lines of each commercial area are the exterior of doors, windows and glass walls and the frames thereof.

The floor area of an end unit is measured from the exterior wall to the centerline of the wall between apartments; the floor area of an interior unit is measured from centerline to centerline of the walls between apartments.

COMMON ELEMENTS: An estate consisting of all remaining portions of the project, being described and referred to herein as "common elements", which definition includes the building, the land on which it is located and all elements mentioned in the Horizontal Property Act which are actually constructed in the project, and specifically includes, but is not limited to:

(a) Said land in fee simple;

(b) All foundations, columns, beams, supports, load-bearing walls, roofs, chases, corridors, entry halls, stairs, stairways, walkways, elevators, 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 unit for services such as power, light, gas, water, sewer, telephone, and television signal distribution, if any;

(e) The maintenance room, lobby, reception room, manager's office, and ground floor toilet;

(f) Any and all other apparatus and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use;

(g) The limited common elements.

LIMITED COMMON ELEMENTS: Certain parts of the common elements, herein called and designated as "limited common elements", are hereby set aside and reserved for the exclusive use of certain units, and such units shall have appurtenant thereto an exclusive easement for the use of such limited common elements.

1. Limited Common Elements for the Apartment Owners. The limited common elements for the apartment owners include the stairs, stairways, elevator, ground floor storage room, swimming pool, courtyard and deck surrounding swimming pool, and laundry room.

2. Limited Common Elements for Commercial Spaces. The limited common elements for the commercial spaces include the walkways, stairs, and stairways adjoining the commercial spaces as noted on the condominium map.

PERCENTAGE OF UNDIVIDED OWNERSHIP TO BE CONVEYED BY APARTMENT DEEDS: Each apartment to be conveyed shall have appurtenant thereto an undivided fractional interest in the common elements of the project as follows:

Apartments	Percentage (each apartment)
1. 101	.0150
2. 102 through 109, inclusive	.0145
3. 110	.0173
4. 201, 301, 401, 501, 214, 314, 414, and 514	.0147
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	.0125
6. 206, 209, 306, 309, 406, 409, 506, and 509	.0161
7. 207, 307, 407, and 507	.0138
8. 208, 308, 408, and 508	.0145
9. 601	.0400

Commercial Spaces	Percentage (each common area)
1. Commercial space "A"	.0195
2. Commercial space "B"	.0326

Such interest is hereby defined and referred to herein as the "common interest". The proportionate shares of the profits and common expenses of the project and the proportionate representations for

voting purposes in the Association of Apartment Owners of the project, shall be in said percentage for each unit. The aggregate common interest in the common elements of the units is allocated between them on the basis of their interior floor area. The undivided interest in the common areas and facilities and the title to the respective units to be conveyed shall not be separated or separately conveyed and each said undivided interest shall be deemed to be conveyed or encumbered with its respective unit even though the description in the instrument of conveyance may refer only to one or other of the interests.

NOTE: The commercial space's utilities are not separately metered and thereby included in the common expense of the project.

PURPOSE OF BUILDING AND USE RESTRICTIONS:

1. Apartments. The apartments shall be occupied and used for transient or hotel purposes, which are defined as (a) rental for any period less than 30 days, or (b) any rental in which the occupants of the apartment are provided customary hotel services, such as room service for food and beverage, maid service, laundry and linen, or bellboy service or such other use as may be permitted by law. The owners of the respective apartments shall have the absolute right to occupy or use the unit subject to the limitations, restrictions, covenants and conditions of the Declaration of Horizontal Property Regime.

2. Commercial spaces. The commercial spaces are intended primarily for commercial uses. The commercial spaces may be restricted as to a certain type of commercial use as contrasted to other commercial uses that may be designated from time to time through the sales and/or lease that may be made from time to time for the commercial space. The commercial space shall be subject to such limitations as may be contained in the Declaration or in the By Laws of the Association, and Commercial and House Rules which may be adopted from time to time.

The By-Laws attached to the Declaration and the proposed House Rules provide in part:

1. "No livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the project"; and

2. "The maximum number of occupants to be permitted to reside in any apartment shall be: six (6) persons in a three-bedroom apartment, and four (4) persons in a one-bedroom apartment; provided that the Association, by majority vote of its members at a meeting duly called for such purpose, may increase the number of occupants;..."

OWNERSHIP OF TITLE: The Policy of Title Insurance by Lawyers Title Insurance Corporation, dated June 26, 1979, reflects that the ownership of the property is vested as follows:

> Fee owner is The Queen's Medical Center, a Hawaii eleemosynary corporation, formerly known as The Queen's Hospital. Said property was demised by the Fee Owner to Waikiki Development Co., a California corporation, by

unrecorded Lease dated August 1, 1958; a short form of which Lease is dated August 1, 1958 and filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 225179. Said Lease was, by mesne assignments, assigned to WDC Venture, a registered Hawaii general partnership, by Assignment of Lease dated June 23, 1976 and filed as Document No. 770261. By unrecorded Sublease dated August 2, 1958, Waikiki Development Co. demised said premises to Herbert Kui Han Lee, husband of Irene Yap Lee; a short form of which Sublease is dated August 2, 1958 and filed as Document No. 225180, which said Sublease was, by mesne assignments, assigned to Neil Petagno, Inc., a Hawaii corporation, by Assignment of Sublease dated June 22, 1979 and filed as Document No. 947798.

ENCUMBRANCES: Said Policy of Title Insurance dated June 26, 1979, as amended January 18, 1980, by Lawyers Title Insurance Corporation shows title to the property to be subject to the following encumbrances:

1. Terms, covenants, conditions, reservations and restrictions contained in unrecorded Lease, a short form of which Lease is filed as Document No. 225179; which Lease was further assigned by instruments filed as Document Nos. 225180 and 947798.

2. Easement L (approximately 3 feet wide) as shown on Maps 19 and 22, filed with Land Court Application No. 324 for sanitary sewer purposes along the rear boundary of Lot 37.

3. Grant of Easement in favor of the City and County of Honolulu dated May 3, 1957, filed as Document No. 205368, granting easement to construct &c sewer pipeline(s) at a depth of not less than 2.0 feet below the surface of said Easement L.

4. For any real property taxes due and owing, reference is made to the Office of the Tax Assessor, First Division.

5. That certain Mortgage in favor of Home Savings and Loan Association dated June 23, 1976 and filed as Document No. 770255.

6. That certain Financing Statement made by WDC Venture, as Debtor, in favor of Home Savings and Loan Association, as Secured Party, recorded June 24, 1976 in the Bureau of Conveyances of the State of Hawaii in Liber 11488, Page 315.

7. That certain Mortgage and Financing Statement in favor of Herbert Kui Han Lee, husband of Irene Yap Lee, dated June 22, 1979 and filed as Document No. 947796; which said Mortgage was amended by Amendment of Mortgage and Promissory Note dated June 26, 1979, filed as Document No. 948382.

8. Consent of Lessor and Sublessor to Mortgage of Sublease, Attornment Agreement and Estoppel Certificate dated June 22, 1979, filed as Document No. 947799.

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; (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: Article IV, Section 1, of the By-Laws states that the Board of Directors shall at all times employ a responsible managing agent to manage and control the property subject at all times to direction by the Board of Directors. 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 apartment leases 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.

Upon inquiry by the Developer, pursuant to law, to the City and County of Honolulu as to whether the improvements met all code requirements at the time of construction, the City, through the Director and Building Superintendent, replied as follows:

"Subject: Hawaiian King Condominium
417 Nohonani Street
Tax Map Key: 2-6-21: 102

This is in reply to your letter dated October 23, 1979 requesting confirmation that the Hawaiian King condominium met all code requirements at the time of construction.

Our records are such that we do not know if the building met code requirements at the time it was constructed. However, it was certified as an existing nonconforming building not hazardous to life safety on May 8, 1967.

Our investigation, based upon your letter revealed the following deficiencies from the present code requirements.

1. That there are no off-street parking spaces on this lot. Seventeen were required for the 68 units in the building at the time of the construction of the building and 17 are required for the building today.

2. Additions to the building comprising of dressing room for "Young Look of Hawaii Boutique Shop", maintenance shop,

laundry area and heater room and storage area are located within the 10-feet yard setback areas at the mauka, diamond head and makai property lines.

3. The storage area under the first floor interior stairway lacks one-hour fire-resistive protection.

4. The letters on the 1" x 5" exit signs on the interior stairwell doors lack the minimum required height of 5 inches.

There were no variances for this property.

A special permit was issued for two off-street parking spaces at lot designated by Tax Map Key: 2-6-2: 25."

END OF LETTER

The Developer advises that there are no parking stalls in the project and no parking stalls are or will be offered for sale by the Developer. The Developer further advises that the deficiencies noted in items 2, 3 and 4 by the City shall be corrected by the Developer as part of the renovation program. The renovation program will commence after 50 apartments have been sold and financing has been arranged.

The existing building is a non-conforming structure under Ordinance 45-73, as amended and the Comprehensive Zoning Code as to the following:

a. Setbacks - The front of the building encroaches 20 feet into the required 20 feet setback.

b. Landscaping - Inadequate to meet present requirement.

c. Use - Apartment use would not have been permitted under the existing ordinances.

Additional work, including alterations, on this parcel is subject to Ordinance 78-89 and the Comprehensive Zoning Code, Section 21-107, which relates to nonconformities.

SPECIAL NOTATION: Purchasers and prospective purchasers are advised that the deficiencies noted hereinabove by the City Building Department regarding the off-street parking spaces may result in the Developer, at its own expense, (a) seeking a variance for the non-conformity, or (b) making arrangements elsewhere for a satisfactory appurtenant use permit for the parking spaces, in which case the Association or individual apartment lessees shall be responsible for any lease rental payments.

Purchasers and prospective purchasers are further advised that sales of the units in the project do not include any warranties to the common elements of the project, and purchasers and prospective purchasers should be cognizant of the fact that all units in the project include an undivided percentage interest in the common elements, including but not limited to the items enumerated under the heading "COMMON ELEMENTS".

STATUS OF PROJECT: The Developer has informed the Commission that it is currently negotiating an extension of the current lease or a new lease to expire November 30, 2034 or later. The Developer does not anticipate any problems in reaching agreement with the Lessor. However, if the proposal terms of the lease extension or new lease are not satisfactory to the Developer then the Developer shall not extend the lease or enter into a new lease and shall in that event cancel the sales contract and refund all monies received from Purchasers.

Upon completion of satisfactory financing arrangements the Developer will commence renovation of the building which include installation of new kitchen appliances, carpets and drapes and repainting of the building.

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 March 10, 1980.

This PRELIMINARY 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 yellow.

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

Distribution:

Department of Taxation
Bureau of Conveyances
Planning Department,
City and County of Honolulu
Federal Housing Administration
Escrow Agent

REGISTRATION NO. 1165

Dated: March 27, 1980