

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
KA'EO KAI PHASE II
Wyllie Road
Princeville, Kauai, Hawaii

REGISTRATION NO. 1181

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: November 12, 1980

Expires: December 12, 1981

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 FILED SEPTEMBER 25, 1979, AND ADDITIONAL INFORMATION FILED AS OF NOVEMBER 6, 1980. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. Since the issuance of the Commission's Preliminary Public Report on Registration No. 1181, dated October 10, 1979, the Developer has forwarded additional information reflecting material changes that have been made in the documents for the project. Among other changes, the project now has forty-four (44) apartments

located in fourteen (14) two-story buildings, without basements, and one hundred fourteen (114) unassigned parking stalls.

2. The Developer of the project has filed all documents and materials deemed necessary by the Commission for the registration of the condominium project and the issuance of this Final 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 been recorded in the Bureau of Conveyances of the State of Hawaii.

The Declaration of Horizontal Property Regime dated October 6, 1980, with By-Laws attached, was recorded in the Bureau of Conveyances of the State of Hawaii in Liber 15082, Page 381.

The approved Floor Plans showing the layout, location, apartment numbers, etc. have been designated Condominium File Plan No. 766.

4. Advertising or 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 Regimes.

6. This Final Public Report automatically expires thirteen (13) months after the date of issuance, November 12, 1980, unless a Supplementary Public Report issues or the Commission, upon review of the registration, issues an order extending the period of this report.

7. This Final Public Report amends the Commission's Preliminary Public Report, and is made a part of the registration on KA'EO KAI PHASE II condominium project. The Developer has the responsibility of placing true copies of this Final Public Report (white paper stock), the Preliminary Public Report (yellow paper stock) and the revised Disclosure Abstract in the hands of all purchasers. Securing a signed copy of the Receipt therefor from each purchaser is also the responsibility of Developer.

The information in the Preliminary Public Report dated October 10, 1979, under the topical headings DESCRIPTION, PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE, ENCUMBRANCES AGAINST TITLE, PURCHASE MONEY HANDLING, MANAGEMENT OF THE PROJECT and STATUS OF PROJECT has been altered as follows. All other topical headings have not been disturbed.

DESCRIPTION: The revised Declaration of Horizontal Property Regime and plans submitted by the Developer indicate a fee simple condominium project consisting of forty-four (44) apartments contained in fourteen (14), instead of thirteen (13) two-story buildings, without basements, constructed principally of wood, with post and beam construction. The parking stalls have been increased from seventy-four (74) to one hundred fourteen (114) unassigned stalls.

The revised location and description of the various apartments of the project are as follows:

(a) Fourplex. There are eight fourplex structures of this type (or its reverse or mirror image type) within the project, without basements. This type of fourplex structure is constructed principally of wood, with post and beam construction. Each fourplex structure is two floors in height and contains four apartments. Each of the sixteen (16) apartments located on the first floors of their respective buildings, being Apartment Nos. 1-A, 2-A, 3-A, 6-A, 8-A, 9-A, 11-A, 12-A, 13-A, 14-A, 15-A, 16-A, 17-A, 18-A, 20-A and 21-A, is built according to a floor plan, or its reverse or mirror image, consisting of approximately 2,146 square feet, including approximately 643 square feet of covered decking, and two (2) bedrooms, two (2) bathrooms, a kitchen, a dining room and a living room; in addition, each of these apartments also has an outdoor hot tub located on its decking. Sixteen (16) apartments located on the second floor of their respective buildings, being Apartment Nos. 1-B, 2-B, 3-B, 6-B, 8-B, 9-B, 11-B, 12-B, 13-B, 14-B, 15-B, 16-B, 17-B, 18-B, 20-B and 21-B, are built according to a floor plan, or its reverse or mirror image, consisting of approximately 2,327 square feet, including approximately 824 square feet of covered decking, and two (2) bedrooms, two (2) bathrooms, a kitchen, a dining room and a living room.

(b) Duplex. There are six duplex structures of this type (or its reverse or mirror image type) within the project, without basements. This type of duplex structure is constructed principally of wood, with post and beam construction. Each duplex structure is two floors in height and contains two apartments. Each of the six (6) apartments located on the first floors of their respective buildings, being Apartment Nos. 4-A, 5-A, 7-A, 10-A, 19-A, and 22-A, is built according to a floor plan, or its reverse or mirror image, consisting of approximately 2,146 square feet, including approximately 643 square feet of covered decking, and two (2) bedrooms, two (2) bathrooms, a kitchen, a dining room and a living room; in addition, each of these apartments also has an outdoor hot tub located on its decking. Six apartments located on the second floor of their respective buildings, being Apartment Nos. 4-B, 5-B, 7-B, 10-B, 19-B and 22-B, are built according to a floor plan, or its mirror image, consisting of approximately 2,327

square feet, including approximately 824 square feet of covered decking, and two (2) bedrooms, two (2) bathrooms, a kitchen, a dining room and a living room.

(c) In accordance with local practice, the approximate gross floor area of each apartment as set above includes all of the walls and partitions within its perimeter walls, the entirety of its perimeter non-party walls and the interior half of its perimeter party walls, whether load bearing or non-load bearing.

(d) Apartment Nos. 1-A and 2-A are located on the first floor of Building XVI. Apartment Nos. 1-B and 2-B are located on the second floor of Building XVI. Apartment No. 4-A is located on the first floor of Building XVII. Apartment No. 4-B is located on the second floor of Building XVII. Apartment Nos. 3-A and 6-A are located on the first floor of Building XVIII. Apartment Nos. 3-B and 6-B are located on the second floor of Building XVIII. Apartment No. 5-A is located on the first floor of Building XIX. Apartment No. 5-B is located on the second floor of Building XIX. Apartment No. 7-A is located on the first floor of Building XX. Apartment No. 7-B is located on the second floor of Building XX. Apartment No. 10-A is located on the first floor of Building XXI. Apartment No. 10-B is located on the second floor of Building XXI. Apartment Nos. 8-A and 9-A are located on the first floor of Building XXII. Apartment Nos. 8-B and 9-B are located on the second floor of Building XXII. Apartment Nos. 11-A and 15-A are located on the first floor of Building XXIII. Apartment Nos. 11-B and 15-B are located on the second floor of Building XXIII. Apartment Nos. 12-A and 13-A are located on the first floor of Building XXIV. Apartment Nos. 12-B and 13-B are located on the second floor of Building XXIV. Apartment Nos. 16-A and 17-A are located on the first floor of Building XXV. Apartment Nos. 16-B and 17-B are located on the second floor of Building XXV. Apartment Nos. 14-A and 18-A are located on the first floor of Building XXVI. Apartment Nos. 14-B and 18-B are located on the second floor of Building XXVI. Apartment No. 19-A is located on the first floor of Building XXVII. Apartment No. 19-B is located on the second floor of Building XXVII. Apartment Nos. 20-A and 21-A are located on the first floor of Building XXVIII. Apartment Nos. 20-B and 21-B are located on the second floor of Building XXVIII. Apartment No. 22-A is located on the first floor of Building XXIX. Apartment No. 22-B is located on the second floor of Building XXIX. The apartments are located on the project as depicted on the Condominium Map. Each apartment has immediate access to a stairway leading to the grounds of the project.

(e) Limits of Apartments. 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, the roofs 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 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, window and window frames, the deck air space, the inner decorated or finished surfaces of all walls, floors and ceilings, and all fixtures originally installed therein.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The revised Declaration provides that the apartments shall be occupied and used for residential or resort use or time sharing ownership by the respective owners thereof, their tenants, families, domestic servants and social guests. The owners of the respective apartments shall have the absolute right to lease such apartments subject to all provisions of this Declaration and the By-Laws attached hereto; the apartments may be sold, leased, rented or used for any time period or periods, whether daily, weekly or monthly, including any annually recurring period on a fixed or floating basis.

Notwithstanding the foregoing to the contrary, any apartment in the project may be used, sold, rented, leased or otherwise conveyed under a "time share plan", as defined in Act 186 of the 1980 Session Laws of the State of Hawaii, provided that said time share plan is in accordance with the applicable laws of the State of Hawaii and the ordinances of the County of Kauai, and provided further that:

(a) The provisions thereof are not inconsistent with and are made subject to the provisions of the Declaration and By-Laws.

(b) The developer, sales agent, acquisition agent and the plan manager of any such time share plan (as such persons or entities are defined by said Act 186) shall save and hold harmless the Grantor, the Association (including its Board of Directors and officers), all apartment owners not participating in any such time share plan, and the project Managing Agent from any and all claims, liability or damages, including reasonable attorneys fees necessarily incurred in defending the same, which may arise from the implementation or the existence of any such time share plan; and

(c) Excepting where the Grantor is the developer, sales agent, acquisition agent and/or plan manager of any such time share plan, each grantee, lessee or participant of any interest acquired through any such time share plan shall execute a waiver and acknowledgment in a form acceptable to Grantor, which shall provide that such grantee, lessee or participant acknowledges that the Grantor has no interest or liability in or arising from the time share plan through which such grantee, lessee or participant has acquired an interest in the apartment or time share plan.

NOTE: THE COMMISSION IS IN RECEIPT OF A LETTER DATED OCTOBER 30, 1980, FROM THE COUNTY OF KAUAI, PLANNING DEPARTMENT, RELATING TO THIS PROJECT, STATING THAT ALTHOUGH TRANSIENT VACATION RENTALS ARE A PERMITTED USE WITHIN R-10 DISTRICT UNDER THE EXISTING LAWS OF THE COUNTY OF KAUAI, IT SHOULD NOT BE CONSTRUED AS AUTHORIZATION TO DEVELOP TIME SHARE UNITS WITHIN THE PRINCEVILLE AREA OR ON KAUAI.

NOTE: Among other provisions, the House Rules state: (1) no dogs, cats or other domestic pets are allowed in the premises; (2) no more than seven persons shall be allowed to occupy a two-bedroom apartment; and (3) guests may be permitted which exceed what is provided under (2) hereinabove up to a maximum of three (3) days at any one time.

ENCUMBRANCES AGAINST TITLE: An updated Preliminary Title Report dated September 19, 1980, issued by Hawaii Escrow & Title, Inc., provides that the following are encumbrances against title to the property:

1. For any taxes that may be due and owing and a lien on the land, reference is hereby made to the Office of the Tax Assessor of the Fourth Division, County of Kauai, Hawaii.

2. Roadway Easement 1 (24.00 feet wide), over and across Lot 2, in favor of Lot 3, in favor of Consolidated Oil & Gas, Inc., as set forth in instrument dated June 13, 1979, recorded as aforesaid in Liber 13764, Page 717.

3. Water and Sanitation Assessment and Lien, dated April 7, 1971, recorded as aforesaid in Liber 7486, Page 292, as Supplemented and amended.

4. Declaration of Restrictions, Covenants and Conditions, dated March 1, 1971, recorded as aforesaid in Liber 7444, Page 93, as amended.

NOTE: All apartment owners are subject to, bound by, and shall comply with the provisions of the Declaration of Restrictions, Covenants and Conditions and to become a member of the Princeville at Hanalei Community Association and subject to a monthly assessment of association dues (estimated to be \$7.55 per month for the current year).

5. Reservations in favor of Consolidated Oil & Gas, Inc., in Deed dated June 13, 1979, recorded as aforesaid in Liber 13764, Page 717.

6. Mortgage made by Ka'eo Kai Phase II Development, a California limited partnership, as Mortgagor, in favor of Consolidated Oil & Gas, Inc., a Colorado corporation, as Mortgagee, dated June 13, 1979, recorded as aforesaid in Liber 13764, Page 731, to secure \$393,600.00.

7. Mortgage made by Ka'eo Kai Phase II Development, a California limited partnership, as Mortgagor, in favor of Hanalei Finance Partnership, a California partnership, as Mortgagee, dated June 14, 1979, recorded as aforesaid in Liber 13868, Page 755, to secure \$300,000.00.

8. Mortgage made by Ka'eo Kai Phase II Development, a California limited partnership, as Mortgagor, in favor of Hanalei Finance Partnership IIA, a California partnership, as Mortgagee, dated July 30, 1980, recorded as aforesaid in Liber 14913, Page 729, to secure \$50,000.00.

9. Title to all minerals and metallic mines reserved to the State of Hawaii.

NOTE: The Developer advises it plans to grant utility easements over portions of the lands of the project, including without limitation a grant of electrical easement to Citizens Utilities Company, a Delaware corporation.

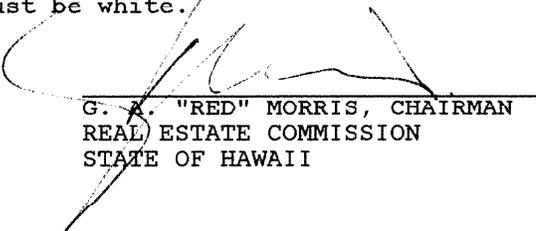
PURCHASE MONEY HANDLING: The information in this topical heading has not been disturbed. However, the Developer proposes to sell approximately eight (8) apartments to one purchaser, to be known as Princeville Associates, Ltd., a California limited partnership (which will have the same general partner as the Developer). In the event such sale is made, the said purchaser's funds will be held and disbursed under a separate special escrow agreement with Hawaii Escrow & Title, Inc., as Escrow, that will apply only to such sale and will not apply to any other sale in the project. Among other provisions, the special escrow agreement provides that (unlike other purchasers' funds) the funds of the said Princeville Associates, Ltd. may not be used for or in connection with the construction of the project.

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 has appointed The Great American Management Group of Hawaii, Inc., whose business and post office address on Kauai, Hawaii, is 3411 Wilcox Road, Lihue, Kauai, Hawaii 96766, as the initial managing agent. An executed copy of the management contract dated October 6, 1980 has been supplied to the Commission.

STATUS OF PROJECT: The Developer advises that it estimates construction of the project will begin on November 1, 1980 and be completed by October 31, 1981.

The purchaser or prospective purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of Intention submitted September 25, 1979, and information subsequently filed as of November 6, 1980.

This FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1181 filed with the Commission on September 25, 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 white.



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

Distribution:

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

REGISTRATION NO. 1181

November 12, 1980