

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
RAINBOW TERRACE
2875 South King Street
Honolulu, Hawaii

REGISTRATION NO. 1258

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: April 21, 1980
Expires: May 21, 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:

THE REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED MARCH 5, 1980, AND INFORMATION SUBSEQUENTLY FILED AS OF APRIL 3, 1980. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF CHAPTER 514A, HAWAII REVISED STATUTES.

1. RAINBOW TERRACE is a proposed leasehold condominium project consisting of an existing residential building and an existing commercial office building containing a total of thirty-three (33) separate condominium units consisting of thirty-one (31) residential apartments and two (2) Commercial Units. There are fifty-two (52) covered and uncovered 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 the Preliminary Public Report.

3. The basic documents (Declaration of Horizontal Property Regime, Bylaws of Association of Apartment Owners, and a copy of the Floor Plans) have not been filed in the Office of the Recording Officer.

4. No advertising and promotional matter 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 Rules and Regulations promulgated thereunder which relate to Horizontal Property Regimes.

6. This Preliminary Public Report is made a part of the registration of the RAINBOW TERRACE 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 and securing a signed copy of the receipt therefor from each such person.

7. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, April 21, 1980, unless a Final or Supplementary Public Report issues or the Commission upon review of the registration issues an order extending the effective period of this report.

NAME OF PROJECT: RAINBOW TERRACE

LOCATION: The site, comprising approximately 30,616 square feet is located at 2875 South King Street Honolulu, Hawaii.

TAX MAP KEY: 2-7-27:28 (1st Division)

ZONING: The front portion of the lot, consisting of approximately 21,000 square feet is zoned B-2 (Community business) and the balance of the land is zoned A-4 (Apartment).

DEVELOPER: RAINBOW TERRACE ASSOCIATES, a Hawaii general partnership, Suite 2275, Grosvenor Center, 733 Bishop Street, Honolulu, Hawaii, Phone: 524-3877. The names and addresses of the General Partners are as follows:

Leslie S. Litwin - 3490 Beach Drive, Victoria, B.C., Canada
Michael A. Brenesell - 7744 Kalohelani Street, Honolulu, Hawaii
Richard G. MacMillan - 7106 Kamilo Street, Honolulu, Hawaii
Lynn W. Donaldson - 49-995 Waialele Road, Kaneohe, Hawaii

ATTORNEY REPRESENTING DEVELOPER: Mukai, Ichiki, Raffetto & MacMillan, Suite 800, 345 Queen Street, Honolulu, Hawaii. Phone No. 531-6277.

DESCRIPTION:

1. General Description. The proposed Declaration of Horizontal Property Regime and the plans submitted by the Developer reflect that the Project consists of an existing four-story residential building containing thirty-one (31) apartments (hereinafter called the "Residential Apartments") and a two-story commercial office building, containing two (2) commercial apartments (hereinafter called the "Commercial Units"), which buildings are respectively designated herein as the "Residential Building" and the "Office Building". A total of fifty-two (52) parking stalls are provided in the parking areas of the Project.

2. Construction Materials. The buildings are constructed principally of reinforced concrete floor slabs, reinforced concrete and block-bearing walls, steel, aluminum, glass and allied building materials.

3. Description of Buildings.

a) Residential Building. The Residential Building is a four-story structure without a basement, consisting of three residential floors constructed above a ground floor parking area containing thirty-one (31) parking stalls. In addition to said parking stalls, the ground floor contains one (1) Residential Apartment, an elevator lobby, landscaped areas, mailboxes, a storage room, trash enclosure and two (2) stairways. A second, sub-grade storage room is located at the Diamond Head end of the building beneath the single Residential Apartment on the ground level.

Each of the second, third and fourth floors contains ten (10) Residential Apartments, an exterior access corridor, elevator lobby, laundry area, trash chute and two (2) exterior stairways.

b) Office Building. The Office Building is an existing two-story structure without a basement containing one (1) Commercial Unit on each floor. A parking area adjacent to the Office Building contains twenty-one (21) parking stalls which will be for the exclusive use of the owners of the Commercial Units.

The ground floor of the Office Building contains one (1) Commercial Unit (designated as Commercial Unit No. 1) and two (2) entries with stairways. The second floor of the Office Building consists of a single Commercial Unit designated as Commercial Unit No. 2.

4. Access. Each of the apartments above the ground floor has immediate access to its entry after travel by passenger elevator or stairway to its designated floor. The Residential Apartment and Commercial Unit on the ground floor each has immediate access to its entries by way of walkways connecting such entries to the grounds and parking areas of the Project. The Residential Building shall be serviced by one (1) elevator and two (2) stairways, and the Office Building shall be serviced by two (2) stairways.

5. Division of Property. The Project is divided into thirty-three (33) separate condominium units consisting of thirty-one (31) Residential Apartments and two (2) Commercial Units. The apartments are more particularly described in Exhibit "A" which is attached hereto and made a part hereof.

6. Limits of Apartments. Each apartment, whether commercial or residential, shall include: (i) all the walls and partitions which are not load-bearing within its perimeter walls; (ii) all glass windows, louvres, doors, panels and railings along its perimeter; (iii) the inner decorated or finished surfaces of the perimeter walls or interior load-bearing walls; (iv) the interior-finished surfaces of the floors and ceilings; (v) all built-in fixtures and appliances originally installed therein; (vi) the adjacent lanai, if any, as shown on the Condominium File Plan; (vii) any utility system or component thereof which is located within any apartment designed for the exclusive use of such apartment; and (viii) all of the air space encompassed within the condominium unit.

Notwithstanding the foregoing, the apartments shall not include: (i) that portion of any load-bearing interior or perimeter wall within or surrounding any unit which (except for the inner finished surfaces of any such wall), shall be a common element; (ii) the floors and ceilings of any apartment which shall be common elements, except for their inner finished surfaces; and (iii) any pipes, shafts, chases, ducts or any other enclosed spaces for wiring, plumbing, air exhaust or ventilation, serving or being utilized by more than one condominium unit, the same being deemed common elements.

Notwithstanding the designation of the limits of the respective apartments hereinabove, the approximate gross area of each unit, as set forth in Exhibit "A" attached hereto, is computed by measuring from the painted surfaces of the perimeter walls to the centerline of interior party walls, and no reduction has been made to account for interior walls, ducts, vents, shafts and the like located within the perimeter walls.

COMMON ELEMENTS. The common elements of the Project will include the limited common elements described below and all

portions of the Project other than the apartments, including specifically, but not limited to:

- (a) All the land of the Project;
- (b) All foundations, columns, girders, beams, floor slabs, roofs, supports and load-bearing walls (except for the inner finished surfaces within each unit);
- (c) All structural elements, stairways, walkways, retaining walls, fences and railings;
- (d) All pedestrian walkways and entrances and exits to the building, all yards, grounds and landscaped areas;
- (e) All mechanical and equipment rooms, elevators and appurtenant housing and equipments, ducts, shafts, sewer lines, electrical equipment, pipes, wiring, and other central and appurtenant transmission facilities and installations which serve all condominium units for service such as power, light, water, gas, refuse, telephone and radio and television signal distribution; and
- (f) Any and all other structures, 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.

LIMITED COMMON ELEMENTS. Certain parts of the common elements, herein called and designated "limited common elements", are hereby set aside and reserved for the exclusive use of certain apartments, and such units shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are listed below. Unless otherwise provided herein, all costs of every kind pertaining to each limited common element, including but not limited to cost of security, maintenance, repair, replacement, additions and improvements, shall be borne entirely by the unit or units to which they are appurtenant. If any cost is charged to more than one unit, each such unit shall bear that portion of the total cost equal to the ratio which its common interest bears to the total common interest of all units responsible for said cost.

(a) The following limited common elements are appurtenant to and for the exclusive use of both of the Commercial Units: (i) all foundations, floor slabs, beams, columns, support girders, unfinished perimeter and load bearing walls, entries, lobbies, stairways, walkways, fences, railings and roofs which are a part of the Office Building; (ii) the vehicular entry on the Diamond Head end of the Project and all driveways, pavements and parking stalls adjacent to said Office Building and intended for its exclusive use, as shown on said Condominium File Plan; (iii) all ducts, waterlines, electrical equipment, pipes, wiring, or other utility system or components thereof serving only the Office Building; and (iv) all other common elements for the Project which are rationally related to only the Commercial Units.

(b) The following limited common elements are appurtenant to and for the exclusive use of all Residential Apartments: (i) all foundations, floor slabs, beams, columns, support girders, unfinished perimeter and load bearing walls, entries, lobbies, stairways, elevator, walkways, fences, railings and roofs which are a part of the Residential Building; (ii) all driveways, pavements and parking stalls adjacent to said Residential Building and intended for its exclusive use; (iii) all ducts, waterlines, electrical equipment, pipes, wiring, or other utility system or components thereof serving only the Residential Apartments; and (iv) all other common elements of the Project which are rationally related to only the Residential Units.

(c) At least one parking stall shall be appurtenant to and for the exclusive use of each apartment, whether residential or commercial. The parking stall(s) which are appurtenant to each unit are more particularly designated in Exhibit "A" which is attached hereto and made a part hereof.

(d) All electrical, plumbing, telephone, cable, television, or other utility systems, or any component thereof, serving or for the exclusive use of only one unit or one or more limited common elements appurtenant to only one unit, to the extent such system is located outside the boundaries of such unit as described herein, shall be a limited common element appurtenant to such unit.

(e) All stairways in the Office Building are appurtenant to and for the exclusive use of Commercial Unit 1.

(f) The two (2) entry areas on the ground floor of the Office Building are appurtenant to and for the exclusive use of both Commercial Units.

(g) All other common elements of the Project which are rationally related to less than all of said apartments, both Commercial and Residential, shall be limited common elements for the exclusive use of the apartments to which they are appurtenant.

INTEREST TO BE CONVEYED TO PURCHASER: Each apartment shall have appurtenant thereto an undivided interest in the common elements of the Project as set forth herein, for all purposes, including voting and representation in the Association of Apartment Owners, and shall have the same proportionate share in all common profits and expenses of the Project. The undivided percentage interest appurtenant to each apartment shall be as more particularly set forth in Exhibit "A" attached hereto. It is proposed that all of the individual apartment Condominium Conveyance Documents will be initially issued to Developer who will sell the apartments to the ultimate purchasers by way of Agreement of Sale, as more particularly described under the topical heading "Financing of Purchase" below.

RESTRICTIONS AS TO USE: The Residential Apartments shall be occupied and used only as permanent or temporary residences but

may not be utilized for transient rental hotel purposes which is defined to mean any rental of less than thirty (30) days duration. The Commercial Units may be used for any purposes which may from time to time be permitted by law; provided that no Commercial Unit shall be operated as a massage parlor or for the sale or display of pornographic goods, publications or films, or for any other obscene or offensive purposes. The owners of the respective apartments shall have the absolute right to rent or lease such apartments subject to all provisions of the proposed Declaration.

The Bylaws provide, in part, that no livestock, poultry, rabbits, or other pets whatsoever shall be allowed or kept in any part of the Project.

OWNERSHIP OF LAND: A Preliminary Title Public Report dated February 21, 1980, issued by Aloha Title Co., Inc. indicates that fee simple title to the land of the Project is vested in George Kinosuke Furuya and Yuriko Yamamoto Furuya, husband and wife, and Clarence O. Furuya, husband of Lona Furuya, doing business as Furuya Enterprises, a Hawaii general partnership. Said fee owners have entered into a Purchase and Sale Agreement with the Developer, dated February 18, 1980, whereby the Fee Owners have agreed to sell to Developer and Developer has agreed to purchase all of the improvements on the land of the Project, together with a Ground Lease having a term of approximately 55 years. A copy of the executed Purchase and Sale Agreement has been furnished to the Commission.

ENCUMBRANCES: Said Preliminary Title Report reflects the following encumbrances on the property:

1. For any Real Property Taxes that may be due and owing, reference is made to the Office of the Tax Assessor, First Division.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Any abutter's rights of access into and from Interstate Highway, Federal Aid Project No. I-H1-1 (2), over and across Course No. 8 of the premises above described, as conveyed by deed dated May 12, 1967, recorded in the Bureau of Conveyances of the State of Hawaii in Book 5735 at Page 266.
4. Mortgage dated July 27, 1976, recorded on July 30, 1976 in said Bureau of Conveyances in Book 11564 at Page 553, made by GEORGE KINOSUKE FURUYA, YURIKO YAMAMOTO FURUYA, husband and wife, and CLARENCE O. FURUYA, husband of Lona Furuya, doing business as FURUYA ENTERPRISES, a Hawaii registered general partnership, to AMFAC FINANCIAL CORP., a Hawaii corporation, which states that it secures a debt in the principal sum of \$650,000.00 (besides personal property).

By instrument dated July 27, 1976, recorded on July 30, 1976 in said Bureau of Conveyances in Book 11564 at Page 573, the foregoing mortgage was assigned to FIRST FEDERAL SAVINGS AND

LOAN ASSOCIATION OF DAVENPORT, DAVENPORT, IOWA, a corporation organized and existing under the laws of the United States of America.

5. Financing Statement recorded on July 30, 1976 in said Bureau of Conveyances in Book 11564 at Page 574, made by FURUYA ENTERPRISES, a Hawaii registered general partnership comprised of GEORGE KINOSUKE FURUYA, YURIKO YAMAMOTO FURUYA and CLARENCE O. FURUYA, 2875 South King Street, Honolulu, Hawaii, to FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF DAVENPORT, 131 West Third Street, Davenport, Iowa 52801.

6. Additional Security Mortgage dated May 3, 1977, recorded on June 15, 1977 in said Bureau of Conveyances in Book 12264 at Page 1, made by GLENN K. OKADA, husband of Irene T. Okada, JAY H. SHIDLER, husband of Walette Sue Shidler, RONALD A. PETTY, husband of Shirley A. Petty, and CLARENCE O. FURUYA, husband of Lona Furuya, individually and collectively doing business under the name and style as WAIKIKI WEST, a Joint Venture, as Borrower-Mortgagor, and AMFAC FINANCIAL CORP., a Hawaii corporation, as Mortgagee, to which reference is hereby made.

PURCHASE MONEY HANDLING: An executed Escrow Agreement, dated February 29, 1980, identifies Aloha Title Co., Inc. as the escrow agent. Upon examination of the Escrow Agreement it is found to be in consonance with Chapter 514A, Hawaii Revised Statutes.

Among other provisions, the Escrow Agreement provides that a purchaser under a Sales Contract shall be entitled to a return of his funds, without interest and less the \$25.00 escrow cancellation fee, after purchaser has requested such return and 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 of the Project which change requires the 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 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 this Preliminary Report unless and 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 this Preliminary Report.

The specimen Deposit Receipt and Sales Contract states in part:

(1) All of Buyer's right, title and interest under the Sales Contract are and shall be subject and subordinate to the lien of any existing mortgage or any mortgage hereafter obtained by Developer, encumbering the Project;

(2) BUYER ACKNOWLEDGES THAT NEITHER THE APARTMENT NOR THE APPLIANCES AND FIXTURES THEREIN ARE IN A NEW CONDITION AND THAT THE SAME ARE BEING PURCHASED "AS IS". IT IS UNDERSTOOD THAT DEVELOPER MAKES NO WARRANTIES OR REPRESENTATIONS, EITHER EXPRESS OR IMPLIED, REGARDING THE CONDITION OF THE BUILDING, THE COMMON ELEMENTS, THE APARTMENT, OR ANY APPLIANCES OR FURNISHINGS CONTAINED THEREIN; and

(3) Developer has the right to cancel the Sales Contract if less than twenty-five (25) residential apartments are not sold by December 31, 1980.

It is incumbent upon the purchaser or prospective purchaser to read and understand the Escrow Agreement before executing the Deposit Receipt and Sales Contract, since the Escrow Agreement describes the procedure for receiving and disbursing purchasers' funds, and the Deposit Receipt and Sales Contract specifically provides that the purchaser approves that Escrow Agreement and assumes the benefit and obligations therein provided.

MANAGEMENT OF PROJECT: The Bylaws, which are incorporated in the Declaration, provide that the operation of the Project shall be conducted for the Association by a responsible corporate Managing Agent who shall be appointed by the Association in accordance with the Bylaws. The initial managing agent is Certified Management, 98-1238 Kaahumanu Street, Pearl City, Hawaii.

FINANCING OF PURCHASE: The sale of individual units in the Project will be financed through the Developer by way of a three (3) year Agreement of Sale providing for an interest rate of 11 3/4% per annum on the unpaid balance, and shall further provide for monthly payments of interest only with a balloon payment of all principal and accrued interest due on or before the third anniversary date of closing.

STATUS AND CONDITION OF PROJECT: The existing Residential Building was completed in 1968 and has been used since completion as an apartment rental complex. The Office Building was completed in 1964.

The Developer has furnished the Commission with a written report prepared by a registered architect which discloses that all structural components and mechanical and electrical installations of the Residential Building are in good condition.

ALTERATION OF COMMERCIAL APARTMENTS: The proposed Declaration contains the provisions pertaining to alterations of the Commercial Units:

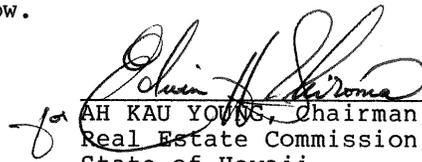
(a) The owner of any Commercial Unit may from time to time install, maintain and rearrange partitions and other improvements for their commercial utilization so long as the structural integrity or soundness of the Project is not impaired.

(b) The owner of any Commercial Unit may from time to time cause the subdivision of his unit into two or more units upon the terms and conditions provided in the Declaration.

NOTE: The existing buildings are non-conforming structures as defined under Section 21-110 Revised Ordinances, meaning "any structure which was previously lawful but which does not comply with the bulk, yard, set-back or height regulations of the district in which it is located, either on the effective date of Chapter 21 Revised Ordinances, or as a result of any subsequent amendment thereto".

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 March 5, 1980 and information subsequently submitted as of April 3, 1980.

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
Department of Land Utilization,
City and County of Honolulu
Federal Housing Administration
Escrow Agent

Registration No. 1258

April 21, 1980