

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

HALE KIAWE
44-321 & 44-323 Kaneohe Bay Drive
Kaneohe, Hawaii 96744

REGISTRATION NO. 1273

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: April 15, 1980
Expires: May 15, 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 MARCH 17, 1980 AND INFORMATION FILED AS OF APRIL 11, 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.

1. HALE KIAWE is a fee simple condominium project consisting of two buildings, without basements, one (1) existing one-story building and one (1) two-story building presently being constructed.

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

3. The basic documents (Declaration of Horizontal Property Regime, Bylaws of the Association of Apartment Owners and a copy of the approved Floor Plans) have been filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii and recorded in the Bureau of Conveyances of the State of Hawaii.

The Declaration of Horizontal Property Regime dated February 27, 1980, with Bylaws attached was filed as aforesaid as Document No. 1000208 and recorded as aforesaid at Liber 14553, Page 135.

The approved Floor Plans showing the layout, location, apartment numbers, etc., have been designated Condominium Map No. 409 and Condominium File Plan No. 609.

4. No 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, April 15, 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 is made a part of the registration on HALE KIAWE Condominium Project. The Developer has the responsibility of placing a true copy of this Final Public Report (white paper stock) and the Disclosure Abstract in the hands of all purchasers and prospective purchasers and securing a signed receipt therefor.

NAME OF PROJECT: HALE KIAWE

LOCATION: The approximately 31,363 square feet of land to be committed to the regime is situated at 44-321 & 44-323 Kaneohe Bay Drive, Kaneohe, Hawaii.

TAX MAP KEY: FIRST DIVISION: 4-4-7-21

ZONING: R-3 (Residential)

DEVELOPER: Joseph Gordon Clemons, Jr., and Cecil Russell Clemons, [REDACTED]

ATTORNEY REPRESENTING DEVELOPER: Hamilton, Gibson, Nickelsen, Rush & Moore (Attention: D. Scott McKinnon and Michiro Iwanaga), 20th Floor, Hawaii Building, 745 Fort Street, Honolulu, Hawaii 96813, Phone No. 521-0400.

DESCRIPTION: The Declaration of Horizontal Property Regime and plans submitted by the Developer indicate a fee simple condominium project consisting of two (2) apartment units contained in a one-story existing building (Apartment A), constructed principally of wood and glass, with carport and guest cottage, and a two-story building (Apartment B), without basements, constructed principally of concrete block, wood and glass.

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

1. Apartment A is located in Building A, consisting of an existing one-story building without a basement, and seven (7) rooms. There are two (2) bedrooms, two (2) bathrooms, a den/study, a living room, dining room, atrium, deck, carport, and guest cottage. This apartment contains a floor area of approximately 3,011 square feet, including 420 square feet of carport area.

2. Apartment B is located in Building B, consisting of a two-story building, without a basement, and nine (9) rooms. There are two (2) bedrooms, a bathroom, a laundry room, storage area and garage on the first floor, and a kitchen, a bedroom with walk-in closet, a bathroom, a dining room, a living room and three (3) decks on the second floor. This apartment contains a floor area of approximately 2,896 square feet, including 480 square feet of garage area.

The apartments have immediate access to the grounds of the project. The respective apartments shall not be deemed to include any pipes, wires, conduits or other utility or service lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements as hereinafter provided. Each apartment shall be deemed to include all the walls and partitions within its perimeter walls, all walls, floors, ceilings and roofs, doors and door frames, windows and window frames, the lanai air space and all fixtures installed therein.

Common Elements: One freehold estate is designated in all remaining portions of the project, herein called the "common elements", including specifically but not limited to:

1. The land in fee simple;
2. All yards, grounds and landscaping;

3. All driveways;

4. 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;

5. 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.

LIMITED COMMON ELEMENTS: Certain parts of the common element, called the "limited common elements", are designated and set aside for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto easements for the use of such limited common elements as follows:

1. The lot upon which each respective apartment is built, as outlined in red on the condominium file plan/map, shall be appurtenant to and for the exclusive use of such apartment.

2. The driveway beyond the garage and front walk of Apartment B and leading to Apartment A, as outlined in red on the condominium file plan/map, shall be appurtenant and for the exclusive use of Apartment A.

INTEREST TO BE CONVEYED TO PURCHASERS: Documents filed with the Real Estate Commission indicate that the purchaser will secure an Apartment Deed, conveying an apartment and an undivided interest in all common elements of the project and the same proportionate share of all common profits and expenses of the project and shall be used for all other purposes including voting, as follows:

Apartment A:	.794599%
Apartment B:	.205401%

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The Declaration provides that the apartments shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests, and for no other purpose. The apartments shall not be rented for transient or hotel purposes, which are defined as (a) rental for any period less than 30 days, or (b) any rental in which the occupants of the apartments are provided customary hotel services such as room service for food and beverage, maid service, laundry and linen or bellboy service. Except for such transient or hotel purposes the owners of the respective apartments shall have the absolute right to lease such apartments subject to all provisions of the Declaration and the Bylaws attached thereto.

OWNERSHIP OF TITLE: A Preliminary Title Report dated February 28, 1980, issued by Title Guaranty of Hawaii, Inc., and other documents, as submitted to the Commission, indicate the Developer is the fee simple owner of the property submitted to the regime. Encumbrances 5 and 7 listed below will be cleared before conveyance of apartments in the project.

ENCUMBRANCES AGAINST TITLE: Said Preliminary Title Report dated February 28, 1980, issued by Title Guaranty of Hawaii, Inc., and documents submitted to the Commission, provide that the following are encumbrances against title to the property:

1. For taxes that may be due and owing and a lien on the land, reference is hereby made to the Office of the Tax Assessor of the First Division, City and County of Honolulu, Hawaii.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Location of the seaward boundary in accordance with the law of the State of Hawaii, and shoreline setback line in accordance with county regulation and/or ordinance.
4. Easement in favor of the City and County of Honolulu, by grant dated May 23, 1967, recorded in the Bureau of Conveyances of the State of Hawaii, in Liber 5770 at Page 122.
5. The terms, conditions and provisions of that certain Lease No. 2047 dated August 20, 1953, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 152707 and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 2739, Page 345, made by and between Kaneohe Ranch Company, Limited, a Hawaii corporation, as Lessor, and Sue Ann Fish, whose husband's name is Duane Baker Fish, as Lessee, for a term of 51 years commencing July 1, 1953. Said Lease was amended and extended by instrument dated December 15, 1977, filed in said Office of the Assistant Registrar as Document No. 873955 and also recorded in said Bureau of Conveyances in Liber 12880, Page 409. Said Lease was further amended by instrument dated May 2, 1978, filed in said Office of the Assistant Registrar as Document No. 873959 and also recorded in said Bureau of Conveyances in Liber 12880, Page 426.
6. That certain leasehold Mortgage dated May 4, 1978, by and between Joseph Gordon Clemons, Jr., and Cecil Russell Clemons, husband and wife, as Mortgagors, and Zenith Mortgage Company, a California corporation, as Mortgagee, filed in the Office of the Assistant Registrar of the Land Court of the State

of Hawaii as Document No. 873959 and also recorded as aforesaid in Liber 12880, at Page 437.

7. A lease in favor of Hawaiian Electric Company, dated July 2, 1954, filed as aforesaid as Document No. 164353 and also recorded as aforesaid in Liber 2849 at Page 236, leasing and demising a right and easement to build, construct, rebuild, reconstruct, repair, maintain and operate a pole and wire line and/or underground power line, etc. through, over, across and under portions of the premises.
8. That certain mortgage dated November 30, 1978, by and between Joseph Gordon Clemons, Jr., and Cecil Russell Clemons, as Mortgagors, and James Christian Castle, et al., as Mortgagees, filed as aforesaid as Document No. 911650 and also recorded as aforesaid in Liber 13320 at Page 688.
9. Mortgage in favor of Finance Factors, Limited, a Hawaii corporation, dated December 3, 1979 and filed as aforesaid as Document No. 984005 and recorded as aforesaid in Liber 14278, Page 588.

PURCHASE MONEY HANDLING. A copy of the executed Escrow Agreement dated March 10, 1980, between Sentinel Escrow of Hawaii, Inc., as Escrow, and Developer has been filed with the Commission. On examination, the executed Escrow Agreement filed with the Commission is found to be in compliance with Chapter 514A, Hawaii Revised Statutes, and particularly §§ 514A-40, 514A-63 through 514A-66 thereof.

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

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

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

2. "Buyer agrees that all of the rights of Buyer under this Agreement are and shall be subject and subordinate to the lien of any mortgage securing the repayment of the interim loans, described above, made to finance the acquisition of the project, the cost of construction and other costs during construction and to any and all other costs during construction and to any and all advances made thereon, and to any and all sums which may become a lien pursuant to the terms of such interim loans or any other agreement relating thereto."

3. "Final closing shall occur on the Date of Closing as defined herein. However, Buyer is hereby advised that Seller intends to preclose, regardless of the status of the construction of the apartments, by having all documents necessary for closing executed prior thereto and deposited with Escrow, and Buyer hereby agrees to execute all necessary documents for such closing, including irrevocable escrow instructions, upon request by Seller."

4. "At the time of the preclosing described above, Buyer agrees to pay into escrow all sums due from Buyer at closing, excluding only the mortgage proceeds, if applicable."

5. "In the event any payment to be made by Buyer hereunder is not made when due, such late payment shall bear interest at the rate of one percent (1%) per month until paid."

6. "Buyer hereby agrees for the sole benefit of Seller that until Seller has closed out the sale of all the apartments in the condominium project or until December 31, 1982, whichever shall first occur, that Buyer will not enter into any "rental pool" or similar agreement with any purchaser, lessee or owner of another apartment in the condominium project and/or any third party under which Buyer agrees to share expenses and/or rentals of apartments in the condominium project."

NOTE: Developer advises that no representation or references will be made to either purchasers or prospective purchasers concerning rental of the Apartment, income from the Apartment or any other economic benefit to be derived from the rental of the Apartment, including but not limited to, any reference or representation to the effect that Developer or the managing agent of the project will provide, directly or indirectly, any services relating to the rental of the Apartment. Rental of the Apartments and the provision of management services in connection therewith is and shall be the sole responsibility of the purchaser.

It is incumbent upon the purchaser and the prospective purchaser that he read with care the Sales Contract and the executed Escrow Agreement. The latter establishes how the proceeds from the sale of residential apartments are placed in trust, as well as the retention and disbursement of said trust funds. The

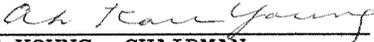
specimen Sales Contract specifically provides that the purchaser approve said Escrow Agreement and assume the benefits and obligations therein provided.

MANAGEMENT OF THE PROJECT: The By-Laws which are incorporated in the Declaration provide that the operation of the project may be conducted for the Association of Apartment Owners under the direction of the Board of Directors by a responsible managing agent. The Developer advises that it does not plan to appoint a managing agent for the project.

STATUS OF PROJECT: The Developer advises that construction of the project commenced in November, 1979, and will be completed in March, 1980. Apartment "A" of the project is an existing structure being converted to condominium status. The building department of the City and County of Honolulu reports that all code requirements were met at the time Apartment "A" was constructed and that no variances or special permits were granted to allow deviations from any applicable codes. No representations are made of any of the structural components and mechanical and electrical installations material to the use and enjoyment of Apartment "A". For information regarding the condition of these components and installations, reference is hereby made to the Disclosure Abstract for the project and the report of the independent registered architect on file with the Real Estate Commission.

The purchaser or prospective purchaser should be cognizant of the fact that this Report represents information disclosed by the Seller in the required Notice of Intention submitted March 17, 1980 and information subsequently filed as of April 11, 1980.

This FINAL HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1273 filed with the Commission on March 17, 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 white.


AH KAU YOUNG, CHAIRMAN
REAL ESTATE COMMISSION
STATE OF HAWAII

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

REGISTRATION NO. 1273

April 15, 1980