

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

HONO KOA
Lower Honoapiilani Highway, Honokowai,
Lahaina, Maui, Hawaii
REGISTRATION NO. 1281

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 18, 1980
Expires: May 18, 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 27, 1980, AND INFORMATION SUBSEQUENTLY FILED AS OF APRIL 17, 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. HONO KOA is a proposed leasehold condominium project consisting of one (1) four-story building, without basement, with twenty eight (28) apartments and thirty five (35) 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 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 recorded in the Bureau of Conveyances of the State of Hawaii.

4. No advertising and 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 Regime.

6. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, April 18, 1980, unless a Final or Supplementary Public Report issues or the Commission, upon review of the registration, issues an order extending the period of this report.

7. This Preliminary Public Report is made a part of the registration on HONO KOA condominium project. The Developer has the responsibility of 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 a signed copy of the Receipt therefor.

NAME OF PROJECT: HONO KOA.

LOCATION: The approximately 40,641 square feet of land to be committed to the regime is situated on Lower Honoapiilani Highway, Honokowai, Lahaina, Maui, Hawaii.

TAX MAP KEY: SECOND DIVISION: 4-3-06:14.

ZONING: Apartment (A-2).

DEVELOPER: Delta Corporation, a Hawaii corporation, 505 Front Street, Lahaina, Maui, Hawaii 96761, Telephone 667-6811, whose officers are: James A. Patterson, President-Secretary, and John E. Wilson, III, Vice President-Treasurer.

ATTORNEY REPRESENTING DEVELOPER: Ueoka & Luna (Attention: B. Martin Luna, Esq.), 2103 Wells Street, Wailuku, Maui, Hawaii 96793; Telephone 244-7914.

DESCRIPTION: The proposed Declaration of Horizontal Property Regime and plans submitted by the Developer indicate a leasehold condominium project consisting of twenty-eight (28) apartments contained in one (1) four-story building, without basement, constructed principally of concrete, masonry, wood and stucco.

Apartment Nos. 101 through 107, 201 through 207, 301 through 307 and PH-1 through PH-7, inclusive, are located on the first second, third and fourth floors, respectively, of the building.

Type A (Apartments 107, 207, 307 and PH-7) consists of two bedrooms, two bathrooms, a kitchen, a dining room, and living room with a floor area of 1092 square feet, a lanai of approximately 96 square feet, and a porch of approximately 88 square feet.

Type B (Apartments 102, 104, 106, 202, 204, 206, 302, 304, 306, PH-2, PH-4 and PH-6) consists of two bedrooms, two bathrooms, a kitchen and a combination dining and living room with a floor area of 1027 square feet and a lanai of approximately 139 square feet.

Type C (Apartments 103, 105, 203, 205, 303, 305, PH-3 and PH-5) consists of two bedrooms, two bathrooms, a kitchen and a combination dining and living room with a floor area of approximately 1059 square feet and a lanai of approximately 145 square feet.

Type D (Apartments 101, 201, 301 and PH-1) consists of two bedrooms, two bathrooms, a kitchen and a combination dining and living room with a floor area of approximately 1129 square feet, a lanai of approximately 204 square feet, and a porch of approximately 104 square feet.

NOTE: IN ACCORDANCE WITH LOCAL PRACTICE, THE APPROXIMATE GROSS FLOOR AREA OF EACH APARTMENT AS SET FORTH 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.

The apartments in the building have immediate access to the grounds of the project or to an elevator and two stairways leading to the grounds of the project.

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 or 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 which are not load-bearing within its perimeter or party walls, the inner decorated or finished surfaces of all walls, floors and ceilings, doors and door frames, windows and window frames, the lanai air space (if any), and all fixtures originally installed therein.

COMMON ELEMENTS: One (1) freehold estate called the "common elements" is designated in all remaining portions of the project, including specifically but not limited to:

1. The land in fee simple;
2. All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter, party and load-bearing walls, roofs, entries, stairwells and stairs, elevators, walkways, entrances and exits of said building;

3. All yards, grounds, landscaping and refuse areas and trash chutes;

4. All driveway and parking areas and parking stalls for 35 cars (27 regular and 8 compact car stalls);

5. All pipes, 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;

6. Swimming pool and enclosure containing equipment and storage facilities;

7. Electrical and mechanical rooms, janitor and storage areas as designated on condominium map;

8. Sewage treatment plant;

9. Any and all other apparatus and installations of common use and all other parts of the land described, necessary or convenient to its existence, maintenance and safety, or normally in common use to the owners of apartments within the project.

LIMITED COMMON ELEMENTS: Certain parts of the 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: each entry hallway, all exterior doors and windows adjoining and serving an apartment or apartments appurtenant to and for the exclusive use of such apartment or apartments which it serves.

COMMON INTEREST TO BE CONVEYED TO PURCHASER: Documents filed with the Real Estate Commission indicate that the purchaser will secure an Apartment Ground Lease, demising an apartment and an undivided interest, as set forth above, 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.

Under the provisions of the proposed Declaration, the undivided interest in the common elements ("common interest") appertaining to each of the respective apartments and the undivided interests to be demised under the Apartment Ground Lease to each of the respective apartment purchasers are as follows:

<u>Units</u>	<u>Unit Type</u>	<u>% Each</u>	<u>Total</u>
107, 207, 307, PH-7	A	3.701	14.805
102, 104, 106, 202, 204, 206, 302, 304, 306, PH-2, PH-4, PH-6	B	3.382	40.585
103, 105, 203, 205, 303, 305, PH-3, PH-5	C	3.492	27.938
101, 201, 301, PH-1	D	4.168	<u>16.672</u>
			100.000

The foregoing common interests also represent the proportionate share of the respective apartment owners in all common profits and common expenses and for all other purposes, including voting.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The proposed Declaration provides that, except when a first mortgagee has entered into possession of an apartment following (i) a default under a mortgage, (ii) a foreclosure proceeding, or (iii) a conveyance in lieu of foreclosure, 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, except that the apartments may also be rented for transient 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 By-Laws attached thereto; provided, however, that no apartment owner may lease less than the entire apartment.

The proposed House Rules provide that pets will not be allowed on the premises except upon the approval of the Board of Directors.

OWNERSHIP OF TITLE: A Preliminary Title Report dated March 11, 1980, issued by Title Guaranty of Hawaii, Inc., indicates that George Apo and Winnifred Iwalani Shim, Trustees under that certain unrecorded Revocable Trust Agreement executed by George Apo and Ethylene K. Apo, husband and wife, dated April 14, 1972, are the fee simple owners of the property to be committed to the regime. The Developer holds an unrecorded option to lease the property (see encumbrance No. 5).

ENCUMBRANCES AGAINST TITLE: Said preliminary title report reflects the following encumbrances against title to the property:

1. Any and all real property taxes now due and payable. For further information, check with the Tax Assessor, Second Division.

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 laws of the State of Hawaii, and shoreline setback line in accordance with County regulation and/or ordinance.

4. Terms, conditions and provisions contained in unrecorded Revocable Trust Agreement executed by George Apo and Ethylene K. Apo, husband and wife, dated April 14, 1972.

5. Unrecorded Option to Lease and to Purchase Improvements dated December 30, 1977, made by and between George Apo and Winnifred Iwalani Shim, Trustees under that certain unrecorded Trust Agreement dated April 14, 1972, as Lessors, and Delta Corporation, a Hawaii corporation, as Lessee.

6. That certain Section IVg Agreement for West Maui Areas dated June 1, 1979, recorded in Liber 13785 on Page 342, made by and between the County of Maui, Department of Water Supply, "County", and Delta Corporation, a Hawaii corporation, "Applicant".

NOTE: The Developer has provided the Commission with a copy of an extension of the option mentioned in No. 5 above.

PURCHASE MONEY HANDLING: A specimen Sales Contract and the Escrow Agreement have been submitted as part of the registration. The Escrow Agreement dated March 17, 1980 identifies Title Guaranty Escrow Services, Inc., as the escrow agent. 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 through 514A-66, Hawaii Revised Statutes. A prospective purchaser should carefully examine the form of Sales Contract and the Escrow Agreement to determine the time for and the amount of installment payments on the purchase price, the estimated monthly common expenses and the sharing of closing costs.

Among other conditions, the Escrow Agreement provides for the payment of all monies under the specimen Sales Contract to the Escrow and that Escrow shall not disburse any funds to the Developer prior to the completion of the building unless and until a Final Public Report has been issued to the Purchaser.

The Escrow Agreement also provides, in part, that a purchaser shall be entitled to a return of his funds, and Escrow shall pay such funds to such purchaser, without interest, 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 hereunder 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.

In any of the foregoing events, Escrow shall, upon receipt of a written request for a refund from purchaser, pay said funds to said purchaser (less cancellation fees to Escrow of \$25.00 per apartment) and thereupon said sales contract and any conveyance document theretofore delivered to Escrow shall be returned to Developer and shall be deemed no longer held hereunder; provided, however, that no refund shall be made to a purchaser at purchaser's request prior to receipt by Developer of written notice from Escrow of its intent to make such refund.

The specimen Sales Contract states that certain of its terms are subject to the terms of the Escrow Agreement. The Sales Contract also provides, in part, that: (1) the Purchaser agrees that all rights and interest of the Purchaser are and shall be subject and subordinate to the lien of any mortgage made to finance the cost of construction of the project by Developer; (2) in the event Developer (a) has not sold the right to lease twenty (20) apartments prior to September 25, 1980, or (b) is unable to obtain a building permit from the appropriate county authorities prior to September 25, 1980, or (c) is unable to obtain interim financing for the construction of improvements and/or permanent financing for the Buyer prior to September 25, 1980, the Developer may at its option cancel the Sales Contract by refunding to the Buyer all monies paid and thereby be relieved and released of all further liability thereunder; and (3) if Purchaser has defaulted on the Sales Contract, Developer may terminate said contract, at which time, Escrow shall charge a \$25.00 cancellation fee and thereafter treat all funds of such Purchaser as the escrowed funds of Developer.

NOTE: THE SALES CONTRACT ALSO STATES THAT:

A. UNTIL COMPLETION, ACCEPTANCE BY COUNTY AND SATISFACTORY OPERATION OF THE NAPILI "C" PUMPING STATION PROJECT, NO WATER METER OF ANY SIZE OTHER THAN A TEMPORARY CONSTRUCTION METER SHALL BE ISSUED FOR THE HONO KOA DEVELOPMENT; PROVIDED, HOWEVER, IF CONSTRUCTION OF THE DEVELOPMENT HAS BEEN COMPLETED AFTER NOVEMBER 30, 1980, BUT SAID PROJECT HAS NOT BEEN COMPLETED, THE COUNTY WILL ISSUE A SUITABLE METER FOR SAID DEVELOPMENT BUT SHALL LIMIT THE OCCUPANCY THEREOF TO NOT MORE THAN 80% OF EACH OF THE TYPE OF UNITS IN HONO KOA.

B. SELLER OR ITS SUCCESSORS IN INTEREST MAY PETITION THE DIRECTOR OF PUBLIC WORKS, COUNTY OF MAUI, FOR A CERTIFICATE OF OCCUPANCY FOR NOT MORE THAN 80% OF THE TOTAL UNITS AWAITING OCCUPANCY AT THE DEVELOPMENT ONLY AFTER THE DIRECTOR OF THE DEPARTMENT OF WATER SUPPLY CERTIFIES THAT THE NAPILI "C" PUMPING STATION WILL NOT BE COMPLETED, ACCEPTED BY THE COUNTY AND SATISFACTORILY OPERATIONAL PRIOR TO NOVEMBER 30, 1980.

It is incumbent upon the purchaser or prospective purchaser to read with care the Sales Contract and the executed Escrow Agreement. The Escrow Agreement establishes how the proceeds paid into escrow are placed in trust, as well as the retention, disbursement and refund of said trust funds.

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 or sale of the apartment. Rental of the apartments and the provisions of management services in connection therewith is and shall be the sole responsibility of the purchaser.

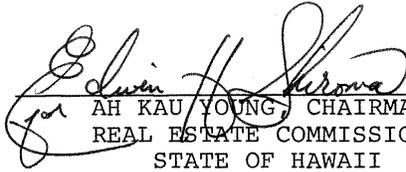
MANAGEMENT OF THE PROJECT: The proposed Declaration states that the administration of the Horizontal Property Regime shall be vested in the "Association of Apartment Owners" of the Project, referred to as the "Association". Each owner of an apartment automatically, upon becoming an owner, becomes a member of said Association and remains a member until such time as his ownership ceases. Under the proposed By-Laws the Association will have the responsibility of the general administration of the project, establishing and collecting monthly assessments, and arranging for the management of the project by a managing agent. The Board of Directors are given the power and duty to manage, operate, care, and maintain the property of the regime, the common elements and the limited common elements, to approve the annual budget, and to employ and dismiss personnel necessary for the maintenance, operation, repair and replacement of the common elements. At this time, the Developer has not yet appointed an initial managing agent.

FINANCING OF THE PROJECT: The Developer's attorney has advised the Commission that the Developer will obtain a Construction Mortgage and by virtue of said Mortgage the construction of the project will begin. Also, the Developer will attempt to obtain a commitment for permanent mortgage loans for individual apartment units.

STATUS OF PROJECT: The Developer advises that it estimates construction of the project will commence on August 1, 1980, and according to the Notice of Intention, it should be completed by August 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 March 27, 1980 and information subsequently filed as of April 17, 1980.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1281 filed with the Commission on March 27, 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.


AH KAU YOUNG, CHAIRMAN
REAL ESTATE COMMISSION
STATE OF HAWAII

DISTRIBUTION:

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FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT

REGISTRATION NO. 1281

April 18, 1980