

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

PELE APARTMENTS
402 Iolani Avenue
Honolulu, Hawaii

REGISTRATION NO. 1318 (CONVERSION)

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: June 10, 1980
Expires: July 10, 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 and prospective purchaser is particularly directed to the following:

THE REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED MAY 22, 1980, AND INFORMATION SUBSEQUENTLY FILED AS OF JUNE 6, 1980. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF HIS INTENTION TO SELL IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY REGIME ACT, CHAPTER 514A, HAWAII REVISED STATUTES.

1. The PELE APARTMENTS is a leasehold residential condominium project consisting of ten (10) units contained in an existing three-story concrete-masonry building. There are seven (7) parking stalls in the project.

2. The Developer of the project has submitted to the Commission for examination all documents deemed necessary for the registration of a condominium project and 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 submitting the property to the Horizontal Property Regime dated May 8, 1980 with the By-Laws of the Association of Apartment Owners attached, was recorded in the Bureau of Conveyances of the State of Hawaii, on May 21, 1980, in Liber 14738, page 714.

Condominium Map No. 734 has been assigned to the Project by the Registrar of Conveyance of the State of Hawaii.

4. No advertising or promotional matter has been submitted pursuant to 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 Final Report is made a part of the registration of PELE APARTMENTS condominium project, Registration No. 1318. The Developer is responsible for placing this Final Public (white paper stock) and Disclosure Abstract in the hands of all purchasers and prospective purchasers. Securing a signed copy of the Receipt for same from each purchaser and prospective purchaser is also the responsibility of the Developer.

7. This Final Public Report automatically expires thirteen (13) months after date of issuance, June 10, 1980, unless a 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: PELE APARTMENTS

LOCATION: The subject 5,876 square feet property is situate at 402 Iolani Avenue, Honolulu, City and County of Honolulu, State of Hawaii.

TAX MAP KEY: First Taxation Division: 2-2-4-25

ZONING: Apartment

DEVELOPER: PELE ASSOCIATES, a Hawaii Limited Partnership, whose principal place of business and post office address is Suite 1915, 733 Bishop Street, Honolulu, Hawaii, telephone number (808) 523-0707. The name and address of the General Partner is as follows:

Franklin Winkler - General Partner - Suite 1915
733 Bishop Street
Honolulu, Hawaii 96813

ATTORNEY REPRESENTING DEVELOPER: Allen I. Marutani, Attorney At Law, A Law Corporation, Suite 602, Capital Investment Building, 850 Richards Street, Honolulu, Hawaii, telephone number 537-6575.

DESCRIPTION OF PROJECT: The Declaration of Horizontal Property Regime and the plans submitted by the Developer indicate a leasehold condominium project consisting of an existing three-story concrete-masonry building containing ten (10) units and seven (7) parking stalls. All parking stalls are located on the ground level.

The building has three stories, of which the first level contains the seven (7) parking stalls, together with a driveway, a laundry area, the walkways, and two (2) apartment units. Each of the second and third floors contains four (4) apartment units with a corridor and walkway leading to two separate stairways. There are steps leading from the first floor to the second floor and from the second floor to the third floor.

(a) Location; Numbering. There are two (2) two-bedroom apartment units on the first floor, and there are four (4) two-bedroom apartment unit on each of the second and third floors. Each of the apartments is designated in a numerical fashion. Each of the apartment numbers contains three digits. The first number of each of the three digit numbers denotes the floor on which the apartment is located. The second number is a zero. The third, or last, number denotes the location of the apartment. Apartment No. 101 is located on the first level, is situated on the northern side of the building, and is closest to Pele Street. Apartment No. 102 is located on the first level, is situated on the northern side of the building, and is next to Apartment No. 101, but is located farther away from Pele Street than Apartment No. 101. Apartment Nos. 201 and 301 are located on the second and third levels, respectively, are situated on the northern side of the building and are closest to Pele Street. Apartment Nos. 202 and 302 are located on the second and third levels, respectively, are situated on the northern side of the building and are next to Apartment Nos. 201 and 301, respectively, but are located farther away from Pele Street than Apartment Nos. 201 and 301. Apartment Nos. 204 and 304 are located on the second and third levels, respectively, are situated on the southern side of the building, and are closest to Pele Street. Apartment Nos. 203 and 303 are located on the second and third levels respectively, are situated on the southern side of the building, and are next to Apartment Nos. 204 and 304, respectively, but are located farther away from Pele Street than Apartment Nos. 204 and 304.

(b) Layout and Area. Each of the apartment units has a gross dwelling area of approximately 592 square feet. Each unit has a living/dining area, a kitchen area, a bathroom, and two bedrooms.

(c) Limits of Units. The respective apartments shall not be deemed to include the undecorated or unfinished perimeter walls, the floors and ceilings surrounding each apart-

ment 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. Each apartment shall be deemed to include all walls or partitions which are not load bearing within its perimeter walls, inner decorated or finished surfaces of all walls, floors and ceilings, doors and door frames, windows and window frames, air space and all fixtures originally installed therein.

(d) Access to Units. Each apartment has an immediate access to a corridor.

COMMON ELEMENTS: The Declaration identifies the following as common elements:

- (a) The land, in fee simple;
- (b) All foundation, floor slabs, columns, girders, beams, support, bearing walls, roof, lobbies, stairs, stairways, walkways, hallways, corridors, entrances, and exits;
- (c) All yards, grounds, and landscaping;
- (d) All driveways and parking areas other than the seven (7) designated parking stalls;
- (e) All common storage, laundry and service room;
- (f) All ducts, electrical equipment and wiring serving more than one apartment and other central and appurtenant installation for services including power, lights, cold and hot water, refuse and telephone;
- (g) All other devices or installations upon the lands and building existing for or rationally of common use to all of the owners of apartments within the project.

LIMITED COMMON ELEMENTS: There are 7 parking stalls that are assigned to 7 apartment units as limited common elements, the assignment of which is set forth in the Exhibit "A" attached hereto. Each apartment so assigned shall have the exclusive right to use such assigned parking stall, and such assigned parking stall shall be appurtenant to, and for the exclusive use of, the respective apartment.

INTEREST TO BE CONVEYED TO PURCHASER: The percentage of undivided interest in the common elements appertaining to each apartment and parking stall unit for all purposes, including voting, shall be as set forth in the Exhibit "A" attached hereto.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The Declaration states that each of the apartment units shall be used only in accordance with the uses permitted under the applicable laws and

ordinances, unless such uses are prohibited by the Association, in accordance with the terms of the Declaration, the By-Laws of the Association of Apartment Owners, and the House Rules or any Apartment Lease as they exist or as they may be amended from time to time and each owner shall observe, comply with, and perform all rules and regulations, ordinances, and laws made or adopted by the various governmental agencies. The present zoning use designation is residential.

The House Rules provide, in part, that no livestock, poultry or other animals or pets shall be allowed or kept in any part of the project without the prior written consent of the Board of Directors.

OWNERSHIP OF TITLE: A Preliminary Report issued by First Land Title Corporation, dated May 21, 1980, states that ownership to the fee title is in John H. Magoon Jr. and Hawaiian Trust Company, Limited, a Hawaii corporation, Trustees under that certain Testamentary Trust created by John H. Magoon, Sr., and that the lessee's interest under that certain Indenture of Lease dated April 7, 1980 is in Pele Associates, the Developer.

ENCUMBRANCES AGAINST TITLE: The Preliminary Title Report dated May 21, 1980 issued by First Land Title Corporation, shows the following encumbrances against title to the property:

(a) Reservation in favor of the State of Hawaii of all mineral and metallic mines.

(b) Terms and provisions of that certain Land Patent Grant No. 6418, dated August 4, 1915.

(c) That certain mortgage dated May 1, 1968 made in favor of First National Bank of Hawaii, as Mortgagee, and recorded in the Bureau of Conveyances of the State of Hawaii, in Liber 6045, page 167, which mortgage was amended by document dated April 23, 1980, and recorded as aforesaid in Liber 14630, page 732.

(d) That certain mortgage dated April 23, 1980, made in favor of GECC Financial Corporation, as Mortgagee, and recorded as aforesaid in Liber 14680, page 743.

(e) That certain mortgage dated April 25, 1980 made in favor of Allen R. Miller, as Mortgagee, and recorded as aforesaid in Liber 14680, page 755.

(f) That certain mortgage dated April 25, 1980 made in favor of Allen R. Miller, as Mortgagee, and recorded as aforesaid in Liber 14683, page 259.

(g) That certain Declaration of Horizontal Property Regime dated May 8, 1980 and recorded in the Bureau of Conveyances of the State of Hawaii, in Liber 14738, page 714. (Project covered by Condominium Map No. 734).

(h) Real Property taxes due and owing, refer to Tax Assessor, First Division, State of Hawaii.

(i) Terms, provisions and conditions of that certain Lease dated April 7, 1980 executed by and between John H. Magoon, Jr. and Hawaii Trust Company, Trustees under that certain Testamentary Trust created by John H. Magoon, Sr. in Article Fifth of his Last Will and Testament dated November 7, 1967 as amended by the Second and Third Codicils thereto dated February 23, 1971 and May 11, 1973 respectively, Lessor, and Pele Associates, a Hawaii limited partnership, Lessee, recorded in the Bureau of Conveyances, State of Hawaii in Book 14680, page 297.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated May 9, 1980 between First Escrow Corporation, as "Escrow", and Pele Associates, as "Seller", has been filed with the Commission. On examination, the executed Escrow Agreement, as well as the specimen Condominium Reservation Agreement, Deposit, Receipt and Contract filed with the Commission are found to be in compliance with Chapter 514A, Hawaii Revised Statutes.

It is incumbent on the purchaser and prospective purchaser to read and understand the Escrow Agreement before signing since the Escrow Agreement prescribes the procedure for receiving and disbursing purchaser's funds. The specimen sales agreement specifically provides that the purchaser approves said Escrow Agreement and assumes the benefits and obligations therein provided.

Among other provisions the Escrow Agreement provides that if at any time prior to the recordation of any Apartment Lease, (a) Escrow receives a written request from Seller to return to purchaser such purchaser's funds held hereunder by Escrow, or (b) Seller notifies Escrow in writing that the Project cannot be completed within the time specified in the agreements with Buyers and that Seller has exercised the option of cancellation granted Seller in such event; (c) if a purchaser's funds were obtained prior to the issuance of a final public report and if there is any change in the building plan subsequent to the execution of the sales agreement requiring the approval of a county officer having jurisdiction over the issuance of permits for construction of buildings unless the purchaser has given written approval or acceptances of the specific change; or (d) if the final public report differs in any material respect from the preliminary public report, unless the purchaser has given written approval or acceptance of the difference; then in any such event Escrow shall return such purchaser's funds, without interest, together with such sales agreement, marked "cancelled", and the Seller and purchaser shall be deemed no longer held hereunder.

Among other provisions, the specimen sales agreement provides (a) that in the event less than 7 apartment units are sold prior to January 31, 1981, Seller may at its option cancel this agreement, in which event Seller will cause Escrow to refund to Buyer all monies paid, without interest, and Seller shall be relieved and released of all further liability hereunder. In the event development and construction of the project is delayed due to governmental restrictions or regulations enacted after the date of this agreement or by occurrence of a contingency, the nonoccurrence of which was a basic assumption on which this agreement was made, and Seller determines that increases in development and construction costs because of such delay required increases in

Apartment sales prices to maintain financial feasibility of the project, then and in any such event Seller may at its option terminate this agreement and cause Escrow to refund to Buyer all monies paid, without interest, and Seller shall be released from all liability hereunder; provided, however, that Seller shall offer to Buyer the first right to execute a new reservation agreement in a similar form at the increased Apartment unit price. Said termination and offer by Seller to Buyer shall be in writing, and Buyer shall have fifteen (15) days to notify Seller in writing, of his acceptance of such offer. If no response from Buyer is received within said fifteen (15) day period, Seller may offer said Apartment unit to another party at said increased sales price, free and clear of any claims or rights thereto, if any, on the part of the Buyer; (b) Buyer shall not assign this Agreement without the prior written consent of Seller; (c) Seller reserves the right to modify the Declaration, By-Laws and Apartment Lease as may be required by law, any title insurance company or any institutional mortgagee, provided that no such modification shall: (1) Increase the Buyer's share of common expenses; (2) Reduce the obligations of Seller from Common Expenses on unsold Apartments; or (3) Reduce the size of the Apartments. Seller reserves the right to make minor changes that may, in the opinion of the Seller, improve the Apartment, the other Apartments and the common elements, but no changes shall be made which affect the physical location or design of the Apartment covered hereby or reduce or increase the number of the other Apartments or substantially change their design; (d) the Buyer has made a visual inspection of the building and the subject apartment and accepts the unit in an "as is" condition and that there are no warranties relating to the apartments and common elements of the Project; and (e) the Buyer agrees that all rights of Buyer are subject and subordinate to the lien of any mortgage(s) made to finance the cost of the project.

NOTE: The Developer's Disclosure Abstract enumerates a list of deficiencies to the structural, mechanical and electrical component of the project and Buyers are buying into the project with full knowledge of such deficiencies.

MANAGEMENT OF 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 initial managing agent as set forth in the Condominium Reservation Agreement list Johnson Associates, Inc. of 700 Bishop Street, Suite 1900, Honolulu, Hawaii.

STATUS OF PROJECT: The Developer has advised the Commission that the building was completed as of 1966 and has been used for rental purposes. The Developer is presently renovating, up-grading, and refurbishing the units prior to conveyance of the units to the purchasers.

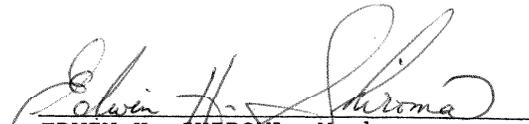
To the best of Developer's information and belief, the building presently built on the subject premises, is in compliance with all ordinances, codes, rules, regulations, or other requirements in force at the time of its construction thereof, and no variance was granted from any ordinance, code, rule, regulation,

or other requirement. The existing building is a non-conforming structure 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." Additional work, including alteration, on this parcel is subject to Ordinance 78-89 and the Comprehensive Zoning Code, Section 21-107, which relates to non-conformities.

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 May 22, 1980, and information subsequently filed as of June 6, 1980.

This is a FINAL HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT which is made a part of REGISTRATION NO. 1318, filed with the Commission May 22, 1980.

The report, when reproduced, shall be a true copy of the Commission's public report. The paper stock used in making facsimiles must be white in color.


EDWIN H. SHIROMA, Member
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. 1318

Dated: June 10, 1980