

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

2024 WAIOLA CONDOMINIUM
2024 Waiola
Honolulu, Oahu, Hawaii

REGISTRATION NO. 1341

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: September 30, 1980

Expires: November 1, 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:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED AUGUST 14, 1980 AND INFORMATION SUBSEQUENTLY FILED AS OF SEPTEMBER 18, 1980. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES.

1. 2024 WAIOLA is an existing four-story apartment building consisting of fifteen (15) two-bedroom apartment units and sixteen (16) standard size parking spaces, which is being converted to condominium ownership.

2. The Developer has submitted to the Commission for examination all documents necessary for the issuance of this Preliminary Public Report.
3. No advertising or promotional matter has been submitted to the Real Estate Commission of the State of Hawaii.
4. The basic documents (Declaration of Horizontal Property Regime, By-Laws of Association of Apartment Owners and a copy of the proposed Condominium Map) have not been recorded as of this date in the office of the recording officer.
5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A of the Hawaii Revised Statutes, the Horizontal Property Act and the Condominium Rules and Regulations which relate to Horizontal Property Regimes.
6. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, September 30, 1980, unless a Final or Supplementary Public Report is issued, or the Commission, upon review of the registration, issues an order extending the effective period of this report.
7. This Preliminary Public Report is made a part of the registration on the 2024 WAIOLA condominium project. The Developer is responsible for placing a true copy of this Preliminary Public Report (yellow paper stock) together with Disclosure Abstract in the hands of all purchasers and prospective purchasers and for securing a signed copy of the Receipt therefor from each such person.

NAME OF PROJECT: 2024 WAIOLA.

LOCATION: The land submitted to the Regime, approximately 7,200 square feet, is located at 2024 Waiola, Honolulu, Oahu, Hawaii 96826.

TAX MAP KEY: FIRST DIVISION 2-7-1-15.

ZONING: A-4 (Apartment).

DEVELOPER: 2024 WAIOLA VENTURE, a Hawaii registered limited partnership, whose principal place of business is 1045 Mapunapuna, Honolulu, Hawaii 96819. Telephone: 839-7446. The partners of 2024 WAIOLA VENTURE are:

1. Marcus & Associates, Inc. (General Partner), a Hawaii corporation, with its principal place of business at 1045 Mapunapuna, Honolulu, Hawaii. Telephone: 833-1807. The officers of Marcus & Associates, Inc. are Marcus K. Nishikawa, President; Nancy Tsuru, Secretary; Rogers Miyamoto, Treasurer.

2. Dale K. Nishikawa (Limited Partner), whose address is 2024 Waiola, Honolulu, Hawaii. Telephone: 946-0771.

ATTORNEY FOR DEVELOPER: Carlsmith, Carlsmith, Wichman and Case, 190 South King Street, Honolulu, Hawaii 96813 (Attention: Lawrence S. Okinaga or Nancy N. Grekin), Telephone 523-2500.

DESCRIPTION: The proposed Declaration states that the land is presently improved with a four-story apartment building containing 15 two-bedroom apartments, five on each of the three upper floors, and also includes sixteen parking spaces on the ground floor.

1. Description of the Building.

(a) General Description. The Project consists of one (1) four-story apartment building. In addition to the written description of the Project in the proposed Declaration, the Project will also be depicted on the Condominium Map for the Project to be recorded in the Bureau. The levels are designated "floors" and are given numerical designations in ascending order from 1 through 3; the lowest level is designated the "Ground" Floor, and includes sixteen (16) parking spaces, a laundry area containing a coin-operated washer and dryer, and mailbox area.

(b) Access to Common Elements. Each apartment will have direct access to an outside hallway leading to two outside stairwells, one at each end of the building, which stairwells lead to the ground floor parking areas.

(c) Number of Apartments. The apartment building contains a total of fifteen (15) two-bedroom, one-bath residential apartments. Each residential apartment constitutes an "apartment", as defined and used in Chapter 514A of the Hawaii Revised Statutes, and constitutes a separate estate.

(d) Construction Materials. The apartment building is constructed principally of concrete hollow tile and concrete.

2. Description of Apartments.

(a) Types and Locations of Apartments. Each of the upper three floors, which are designated 1, 2 and 3 in ascending order, contains five apartments. Each apartment contains five rooms, including a living room, kitchen, bathroom and two bedrooms containing approximately 620.1 square feet. The square footage of each apartment has been measured from the outside of the exterior walls to the center of the party walls.

The apartments are designated by three-digit numbers, the first digit of which corresponds to the floor on which the apartment is located, the second digit of which is a "zero" and the third digit of which designates the location of the apartment on the floor. The third digit of the apartment numbers ascends consecutively from 1 to 5 beginning at the makai end of the building.

All apartments in the Project are identical except that the layout of apartments with numbers ending in 2 and 4

is a mirror image of the layout of apartments with numbers ending in 1, 3 and 5.

(b) Inclusions and Exclusions from Apartments.

The respective apartments shall not be deemed to include: (a) the undecorated or unfinished surfaces of the perimeter walls, the interior load-bearing walls, or the interior party walls, (b) the undecorated floors and ceilings surrounding each apartment, or (c) any pipes, shafts, 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: (i) any adjacent lanai to which such apartment has direct, exclusive access, (ii) all the walls and partitions which are not load-bearing within its perimeter walls, (iii) all pipes, shafts, ducts, pumps, conduits, wires and other utility or service lines running through such apartment which are utilized for and serve only that apartment, (iv) the inner decorated or finished surfaces of all walls, floors and ceilings, (v) any doors, windows or panels along the perimeters, and (vi) all fixtures originally installed therein.

COMMON ELEMENTS: The common elements include the limited common elements described below, all other portions of the Project other than the apartments, and all other common elements mentioned in the Horizontal Property Act which are actually included in the Project, including specifically, but not limited to:

- (a) The Land in fee simple;
- (b) The Laundry Room;
- (c) All foundations, floor slabs, beams, columns, supports, girders, unfinished perimeter and load-bearing walls, walkways, ramps, fences, railings, and roofs;
- (d) All parking areas, driveways, roadways, pavements, and walkways and all planted areas, grounds, landscaping, and mailboxes;
- (e) All ducts, electrical equipment, wiring, pipes 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, air conditioning, water, sewer, telephone and radio and television signal distribution;
- (f) Any and all other 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 as "limited common elements", are set aside and reserved for the exclusive use of certain apartments as described below. The costs and expenses of every description pertaining to the limited common elements, including but not limited to the costs of

maintenance, repair, replacement, improvement or additions to the limited common elements shall be charged to all apartment owners as a common expense in the following equitable manner: in proportion to the common interests appurtenant to their respective apartments, except as otherwise provided in this paragraph.

(a) Each apartment shall have appurtenant to it as a limited common element one (1) parking stall, except that apartment 202 shall have two (2) parking stalls. Each parking stall shall be designated on the Condominium Map with its stall number; the number of the apartment to which it shall be appurtenant is shown on Exhibit "A" attached hereto. The Developer reserves the right to initially assign, in each case any parking stalls to any apartments by amendment of the Declaration and Condominium Map. After their initial assignment, stalls may be reassigned from time to time by amendment to the Declaration and the Condominium Map.

INTEREST TO BE CONVEYED TO PURCHASER: The undivided percentage ownership in the common elements (the "Common Interest") appertaining to each apartment and its owner for all purposes including voting shall be as listed by apartment number in Exhibit "A" attached hereto.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The apartments shall be occupied and used as permanent or temporary residences, lodgings or rental and for no other purposes. The apartment owners shall have the absolute right to rent or lease their apartments, subject to the limitations, restrictions, covenants and conditions contained in the Declaration or By-laws.

OWNERSHIP OF TITLE TO LAND: The Land Court Letter issued and prepared by Long & Melone, Ltd. dated July 24, 1980, states that fee simple title to the land is vested in Ritsu B. Nishikawa ("Fee Owner"). By Option Agreement dated August 11, 1980, she has granted an exclusive option to the Developer to purchase the Project for \$525,000.

ENCUMBRANCES AGAINST TITLE: The Land Court Letter dated July 24, 1980, prepared by Long & Melone, Ltd., describes the following encumbrances:

1. For any taxes that may be due and owing, reference is made to the Office of the Tax Assessor, First Division.
2. Mortgage in favor of Bank of Hawaii, a Hawaii corporation, dated May 15, 1969 and recorded in the Office of the Assistant Registrar of the Land Court as Document No. 476145. The Mortgage was assigned to National Fidelity Life Insurance Company by instrument dated February 13, 1970 filed in said Office as Document No. 495083.
3. Assignment of Lessor's Interest in Leases in favor of Bank of Hawaii, a Hawaii corporation, dated May 15, 1969, filed in said Office as Document No. 494452. The Assignment was assigned to National Fidelity Life Insurance

Company by instrument dated February 16, 1970, filed in said Office as Document No. 494452.

NOTE:

1. The Developer's Purchase Option Agreement provides that upon exercise of the Option, the Developer will pay the Fee Owner \$101,250.00 in cash, and Fee Owner will take back a note secured by a mortgage in the amount of \$423,750. The note will provide for interest at 12% per annum, payable monthly, and annual installments of principal of \$1,000, with all interest and principal due four years after execution. The note and mortgage will be released and discharged of record as to each purchaser's apartment at the time of conveyance of the apartment to such purchaser.

2. The Developer has informed the Commission that it may place an additional mortgage on its interest in the Project to secure a loan for renovations to the Project. The lien of any such mortgage will be released and discharged of record as to each apartment prior to the time it is sold to a purchaser.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated August 12, 1980, between Crown Escrow, Inc., as Escrow Agent, and Developer, has been filed with the Commission. On examination, the specimen Reservation Agreement, Sales Contract Deposit and Receipt (Sales Contract) and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended.

The executed Escrow Agreement provides in part that if at any time (a) Escrow receives written notice from Developer to return to a purchaser under a Sales Contract the funds of such purchaser then held by Escrow under the Escrow Agreement, or (b) with respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, there shall be any substantive change in the building plans of a type which gives purchaser a right to cancel his Sales Contract pursuant to Chapter 514A of the Hawaii Revised Statutes (unless purchaser's written approval of acceptance of the specific change is obtained, or ninety (90) days have elapsed since the purchaser has accepted in writing the apartment or he has first occupied the apartment) or (c) the Final Report differs in a material respect from the Preliminary Report, and the purchaser's written approval of such change has not been obtained and the purchaser shall request the refund, or (d) the Final Report is not issued within one (1) year from the date of issuance of the Preliminary Report, unless the Sales Contract is nevertheless affirmed by the purchaser, then in any such event Escrow shall return such funds to the purchaser, without interest earned unless otherwise instructed by Developer and furthermore unless Developer shall otherwise instruct Escrow, less: (1) Escrow's cancellation fee of a minimum of \$50.00 per apartment, (2) any mortgagee's cancellation fee, and (3) all other costs, if any, which have been incurred in connection with the Escrow mortgage processing, closing or legal documentation. In such event, the Escrow Agreement further

provides that Escrow shall hold the Sales Contract and any Apartment Deed previously delivered to Escrow and any mortgage documents which may have been executed shall be returned to the mortgagee, and Developer and the purchaser shall be deemed no longer bound by the terms of the Sales Contract; provided, however, that no refund shall be made to purchaser at purchaser's request until Escrow has received written approval of such refund from Developer.

Among other provisions, the Sales Contract provides that:

1. The aforementioned purchase money mortgage as outlined in the Developer's Purchase Option Agreement shall and will remain at all times a superior lien on the Project and purchasers intentionally waive and subordinate their interests under the Sales Contracts in favor of the priority of such liens.

2. Said mortgage and other liens, if any, which will secure the Developer's renovation loan (renewals and extensions) for the construction of the Project will also be and remain at all times a superior lien on the Project, and purchasers intentionally waive and subordinate their interests under the Sales Contract in favor of the priority of all such liens.

Additionally, the specimen Sales Contract provides that said agreement is only a reservation agreement until (a) the Developer sends the purchaser a confirmation letter, and (b) the purchaser executes the confirmation letter and returns it to Developer whereupon it shall become a binding sales contract (subject only to any applicable provisions of the Horizontal Property Act). Until the confirmation letter is signed by the purchaser, the Sales Contract may be unconditionally cancelled at any time by either the Developer or the purchaser (at which time the purchaser's deposit will be refunded in full). However, it is important for the purchaser to review Section D.3 of the Sales Contract with respect to the provisions pertaining to purchaser's application for financing. Purchaser will be responsible for any mortgagee's processing costs and cancellation fees in the event of a cancellation of the Sales Contract.

NOTE:

1. As provided in Section D.21 of the Sales Contract, the purchaser acknowledges that minor renovation activity may continue on the site after purchaser has occupied his apartment, which may result in noise, dust or other annoyances. In addition, as further provided in said Section D.21, the Developer may use parking spaces appurtenant to unsold apartments and is granted access to the common areas for eighteen months following the purchaser's Closing Date or until the last apartment is sold.

2. The purchaser's attention is directed to paragraph 15 of the Declaration, and Sections D.5 and D.6 of the Sales Contract which together reserve to the Developer a right to make certain specified changes to the Project and the Project Plans and to amend the Declaration as may be

necessary to comply with the provisions of law, the requirements of any title insurance company, institutional mortgage lender or governmental agency, or to carry out the changes to the Project set forth in said paragraphs.

3. Prospective purchasers should be aware that the Developer may require preclosing of the purchase upon five (5) days notice at any time after the Effective Date of the Sales Contract, and that the Purchaser will be required to complete and execute all documents necessary for closing at the time of preclosing.

It is incumbent upon the prospective purchaser that he or she read with care the specimen Sales Contract and the executed Escrow Agreement. The latter establishes how the proceeds from the sale of apartments are placed in trust, as well as the retention and disbursement of the proceeds of said trust fund. The Sales Contract sets forth when Purchaser's payments are payable. All payments other than funds from any mortgage lender must be paid to escrow at the times specified in the Sales Contract.

MANAGEMENT OF THE PROJECT: The By-Laws vest in the Board of Directors the power and duties necessary for the administration of the overall affairs of the Project. The By-Laws submitted to the Commission permit the Board to appoint a managing agent for the Project or to manage the Project themselves.

PROGRAM OF FINANCING: The Developer advises that the Developer may obtain a loan to finance certain renovations of the Project. As of the date of this Preliminary Public Report, no loan commitment has been executed.

The Developer further advises that the Developer may permit up to nine (9) qualified purchasers to finance their apartments under Developer's financing option. If a purchaser is accepted for this option, he or she will have the right to (1) assume \$28,250 of the indebtedness under Developer's note to Fee Owner by executing a new note in the amount of \$28,250 secured by a first mortgage in such amount. Developer intends to assign such new note and mortgage to Fee Owner in substitution for the portion of the indebtedness and lien released from the original note and mortgage, respectively, and will have to obtain Fee Owner's consent to such assignment; and (2) execute a note and second mortgage of up to \$40,000, bearing interest at twelve percent (12%) per annum, payable monthly, with annual principal installments of \$500, and all principal and interest due three (3) years after execution.

STATUS OF THE PROJECT: 2024 WAIOLA is an existing four-story building. The Building Department of the City and County of Honolulu has informed the Developer, by letter dated August 13, 1980, that the building met Building Code requirements at the time of its construction and that no variances or special permits were granted to allow deviations from any applicable codes. The Developer may undertake renovations to the building such as painting and

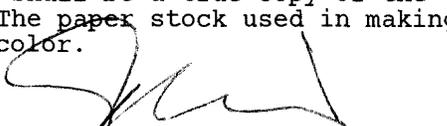
replacement of carpeting and kitchen appliances, but no structural alterations to the location, layout or dimensions of the apartments are planned.

The Developer further advises the Commission that tenants are residing in the Project. The Developer will give such tenants the required ninety (90) day notice to vacate.

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 August 14, 1980 and information subsequently submitted as of September 18, 1980.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1341 filed with the Commission on August 14, 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 in color.


G. A. "RED" MORRIS, 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. 1341

September 30, 1980

EXHIBIT A

<u>Apartment Number</u>	<u>Common Interest</u>	<u>Parking Stall(s)</u>
101	6.65%	1
102	6.65%	2
103	6.65%	8
104	6.65%	14
105	6.65%	11
201	6.65%	3
202	6.9%	5,6
203	6.65%	9
204	6.65%	15
205	6.65%	12
301	6.65%	4
302	6.65%	7
303	6.65%	10
304	6.65%	16
305	6.65%	13