

# 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

IAO SQUARE  
70 Market Street  
Wailuku, Maui

REGISTRATION NO. 1361 (Partial 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 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: December 5, 1980

Expires: January 5, 1982

### 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 October 24, 1980 AND INFORMATION SUBSEQUENTLY FILED AS OF December 2, 1980. THE SELLER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. IAO SQUARE is a proposed leasehold condominium project, which will consist of twenty-six (26) commercial units in a two-story building, with penthouse, and no basement, and sixty-one (61) parking stalls and two (2) loading spaces.
2. The developer of the project has submitted to the Commission for examination all documents deemed necessary for the issuance of this Preliminary Public Report.
3. The developer has submitted to the Commission for examination a proposed Declaration of Horizontal Property Regime, proposed By-Laws of the Association of Apartment Owners and the floor plans. A Final Public Report will not be issued until these items have been executed, approved and recorded where applicable.
4. No advertising or promotional matter has 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 Condominium Rules and Regulations which relate to the Horizontal Property Regime.
6. This Preliminary Public Report automatically expires thirteen (13) months after date of issuance, December 5, 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.
7. This Preliminary Public Report is made a part of the registration of IAO SQUARE. The developer is responsible for placing this Preliminary Public Report (yellow paper stock) and the Disclosure Abstract in the hands of all purchasers and prospective purchasers and for securing a signed receipt therefor.

NAME OF PROJECT: IAO SQUARE

LOCATION: The 42,317 square feet of property to be committed to the regime as a leasehold condominium project is situated at 70 Market Street, Wailuku, Maui, State of Hawaii.

TAX MAP KEY: 3-4-12-22

ZONING: B-3

DEVELOPER: VICTOR K. B. YOUNG, husband of Betty H. Young, whose residence and post office address is 500 Hakaka Place, Honolulu, Hawaii 96816, Telephone No. 735-2544.

ATTORNEYS REPRESENTING SELLER: Ikazaki, Devens, Lo, Youth & Nakano (Attention: Russell K. Saito and Curtis H. Shiramizu), 700 Bishop Street, Suite 1412, Honolulu, Hawaii 96813; Telephone No 521-1456.

DESCRIPTION: The proposed Declaration reflects that the project is to consist of a two-story building, with penthouse, and no basement. The said building is comprised of an existing structure constructed in 1927 and an additional wing to be built and added to the said existing structure. The existing structure contains thirteen (13) commercial spaces, including a penthouse commercial space, and the new wing will contain thirteen (13) commercial spaces. The project also contains sixty-one (61) parking spaces and two (2) loading spaces, all situated on the ground level. The building is served by one (1) elevator and three (3) stairways. Two (2) stairways run from the ground level or first floor to the upper level or second floor, one of which leads directly into an apartment on the second floor. The third stairway runs from the ground level to the penthouse level. The project will be constructed in accordance with plans and specifications prepared by Paul S. Osumi, Jr. AIA, Inc.

Type of Apartment: There are a total of twenty-six (26) apartments in the project. Each apartment consists of one room, the approximate areas of which are set forth in Exhibit "A" attached hereto and made a part hereof. The apartments on the lower level will have immediate access to a hallway which leads to the grounds of the project, the parking area and Market Street. The apartments on the upper level will have immediate access to a hallway which leads to an elevator and two (2) stairways eventually leading to the grounds of the project, the parking area and Market Street. The penthouse apartment will have immediate access to a stairway eventually leading to the grounds of the project, the parking area and Market Street.

Apartment Location and Numbering: The apartments will be numbered and located as shown on the proposed Condominium Map. Apartments 1000, 1010, 1020, 1030, 1040, 1050, 1060, 1070, 1080, 1090, 1100, 1110 are located on the first floor or ground level of the

building. Apartments 2000, 2010, 2020, 2030, 2040, 2050, 2060, 2070, 2080, 2090, 2100, 2110, 2120 are located on the second floor or upper level of the building. Apartment 3000 is located on the penthouse or third level of the building. Apartments 1040, 1050, 1060, 1070, 1080, 1090, 1110, 2000, 2010, 2020, 2030 and 3000 are located in the existing structure, while the remainder of the apartments will be located in the new wing. Generally, Apartments 1000, 1010, 1020, 1030, 1040, 1050, 1090, 1100, 1110, 2000, 2090, 2100, 2110, 2120 are located on the Market Street side of the building, while the remainder of the apartments are located on the northeast side of the building or the side facing the parking area.

Limits of Apartments: The respective apartments shall be deemed to include the space and improvements within its perimeter and party walls, floors and ceilings, including all interior walls and partitions which are not load-bearing; the inner decorated or finished surface of all walls, floors and ceilings; all doors, windows, glass and screens. The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls floors and ceilings, surrounding each apartment or any pipes, wires, conduits, ducts or other utility lines running through such apartments and which are utilized for or serve more than one apartment, all of which are common elements.

COMMON ELEMENTS: The proposed Declaration of Horizontal Property Regime designates all of the remaining portions of the project as "common elements". These include but are not limited to:

- (a) Said land in fee simple;
- (b) All structural components, such as foundations, columns, girders, beams, supports, main walls, roofs, halls, corridors, lobbies, stairs, stairways and fire escapes, entrances, exits of said building;
- (c) All building walkways and sidewalks, planting areas, grounds, driveways, parking areas and landscaping;
- (d) All ducts, sewer lines, electrical equipment, pipes, wiring and other central and appurtenant transmission facilities, installations which serve more than one apartment for services such as power, light, water, gas, refuse, telephone, radio and television signal distribution.

(e) All tanks, pumps, motors, fans, compressors, ducts, and, in general, all apparatus and installations existing for common use.

(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.

(g) The sixty-one (61) parking stalls located on the grounds of the Project, which shall be for the common use of all the apartments.

LIMITED COMMON ELEMENTS: The proposed Declaration reflects that certain parts of the common elements, 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. The limited common elements so designated and set aside are as follows:

(a) The stairway leading from the ground level directly into Apartment 2000 on the second floor which shall be appurtenant to and for the exclusive use of said Apartment 2000.

(b) All other common elements of the project which are rationally related to less than all of said apartments, which shall be appurtenant to the apartments to which they are so related.

PERCENTAGE OF UNDIVIDED INTEREST IN THE COMMON ELEMENTS: The percentage of undivided interest in the common elements appertaining to each apartment are as set forth in said Exhibit "A". For purposes of voting on all matters requiring action by the owners, the percentage as set forth in Exhibit "A" shall govern.

PURPOSES OF BUILDING AND RESTRICTIONS AS TO USE: The apartments shall be occupied and used for commercial purposes and for such other purposes permitted by law. A set of proposed House Rules has been submitted to the Commission and is available for inspection.

OWNERSHIP OF TITLE: The Preliminary Report dated October 15, 1980, issued by Security Title Corporation, reports that title to the land is vested in VICTOR K. B. YOUNG, husband of Betty H. Young, as Lessee, through mesne assignments, by Assignment of Lease dated August 6, 1980, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 14928 at Page 138, with consents thereto concurrently recorded in Liber 14928 at Page 140 and Liber 14928 at Page 146, respectively,

of that certain Lease dated May 4, 1972, recorded on May 16, 1972 as aforesaid in Liber 8305 at Page 92, made by and between HAWAIIAN TRUST COMPANY, LIMITED and T. A. LYONS, Trustees under that certain Trust Deed executed by J. E. Lyons, et al., dated August 10, 1953, recorded as aforesaid in Liber 2766 at Page 364, as Lessor, and NEW MAUI DEVELOPMENT CORPORATION, a Hawaii corporation, as Lessee, for the term of fifty-five (55) years and seven (7) months from March 1, 1972.

ENCUMBRANCES AGAINST TITLE: Said Preliminary Report dated October 15, 1980 reports that title to the land is subject to the following encumbrances:

1. Real Property taxes as may be due and owing. For further information on taxes, check with the Tax Assessor, Second Division.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines as reserved in Royal Patent Nos. 2007 and 1996.
3. Rights of Native Tenants as reserved in said Royal Patent No. 1996.
4. The terms and provisions and the conditions and restrictions contained in that certain Trust Deed dated August 10, 1953, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 2766 at Page 364, made by and between J. E. LYONS, husband of Gladys L. K. Lyons, T. B. LYONS, husband of Adeline V. H. Lyons, T. A. LYONS, husband of Henrietta B. Lyons, ENOS K. LYONS, husband of Adeline Yim Lyons, A. N. K. LYONS, husband of Kulamanu L. R. Lyons, FRANCIS L. LYONS, unmarried, and MERWYN K. LYONS, husband of Norma N. M. Lyons, as Settlers, and J. E. LYONS, as Trustee.
5. Lease of right of way dated September 21, 1971, recorded on September 24, 1971 in said Bureau of Conveyances in Liber 7816 at Page 173, granting an easement over a 10-foot roadway and 24-foot roadway as shown on the sketch attached to said Lease.
6. That certain Lease dated May 4, 1972 recorded on May 16, 1972 in the Bureau of Conveyances of the State of Hawaii in Book 8305 Page 92 made by and between HAWAIIAN TRUST COMPANY, LTD and T.A. LYONS, Trustees under that certain Trust Deed executed by J.E. Lyons, et al., dated August 10, 1953, as "Lessor(s)" and NEW MAUI DEVELOPMENT CORPORATION, a Hawaii corporation, as "Lessee". Said Lease, through mesne assignments, is

now held by VICTOR K.B. YOUNG, husband of Betty H. Young, as Lessee, by Assignment of Lease dated August 6, 1980, recorded on August 18, 1980 in said Bureau in Book 14928 Page 138. Consents thereto recorded in Book 14928 Page 140 and 146 respectively.

7. Mortgage dated July 23, 1979, recorded on July 31, 1979 in said Bureau of Conveyances in Book 13882 Page 480, made by NEW MAUI DEVELOPERS, a Hawaii partnership, as Mortgagor(s), to HAWAII THRIFT & LOAN, INCORPORATED, a Hawaii corporation, as Mortgagee(s), to secure the repayment of the sum of \$160,000.00, any additional advances and other amounts secured thereby, all according to the terms of that certain promissory note of said mortgagor(s) therein referred to.

8. Assignment of Rentals dated July 23, 1979, recorded on July 31, 1979 in said Bureau of Conveyances in Book 13882 Page 490, made by NEW MAUI DEVELOPERS, a Hawaii partnership, in favor of HAWAII THRIFT & LOAN, INCORPORATED, a Hawaii corporation, for the amount of \$160,000.00.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated October 22, 1980 between Security Title Corporation, as Escrow, and Seller, has been filed with the Commission. On examination, the executed Escrow Agreement and specimen Sales Contract filed with the Commission are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, and particularly Sections 514A-39, 514A-40, 514A-62 through 514A-66.

Among other provisions, the Escrow Agreement provides that a purchaser shall be entitled to a refund of his funds, and Escrow shall pay said funds to said purchaser, without interest and less Escrow's cancellation fee, if purchaser shall in writing request refund of his funds and any one of the following shall have occurred:

(a) Seller requests Escrow Agent to return to Buyer the funds of Buyer then being held hereunder by Escrow Agent; or

(b) Seller notifies Escrow Agent of Seller's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated therein or otherwise available to Seller; or

(c) If a Buyer's funds were obtained prior to the issuance of a Final Public Report and the request is prior to the time the Final Public Report is issued; or

(d) If the Final Public Report differs in any material respect from the Preliminary Public Report, unless the Buyer has given written approval or acceptance of the difference; or

(e) If the Final Public Report is not issued within one (1) year from the date of issuance of the Preliminary Public Report, if any.

The Escrow Agreement also contains the following provisions, among others: that the Escrow Agent shall make no disbursements of Buyer's funds unless and until the Sales Contract has become effective and the requirements of Sections 514A-39, 514A-63, 514A-64 and 514A-66 have been met.

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

1. THE BUYER EXPRESSLY ACKNOWLEDGES that the project consists of a fully constructed and existing building and an additional structure or wing to be built and added to the existing building. The BUYER EXPRESSLY ACKNOWLEDGES AND AGREES that he has been offered an adequate opportunity to examine the plans for the Project (as set forth in said Condominium Map) and the actual said existing building. THE BUYER FURTHER ACKNOWLEDGES AND AGREES that the apartments located in the said existing building, along with their appurtenant percentage common interest in the common elements, are being sold by the Seller IN THEIR PRESENT CONDITION, "AS IS", and that the Seller is disclaiming any express or implied warranty of any kind whatsoever, including, without limitation, any implied warranty of merchantability or fitness of the said apartments for a particular purpose, or any implied warranty of habitability pertaining to the said apartments themselves or the common elements.

2. In addition to closing costs in the Sales Contract the purchaser will pay a sum equal to two (2) months estimated common expenses as a non-refundable, non-transferable "start-up fee" to the Association of Apartment Owners.

3. The Buyer acknowledges his right to inspect apartment Nos. 1040, 1050, 1060, 1070, 1080, 1090, 1100, 1110, 2000, 2010, 2020, 2030 and 3000 prior to executing the Sales Contract. The existence of any defect in the Apartment shall not excuse the Buyer's obligation to perform all obligations in the Sales Contract.

4. Prospective purchaser should be aware that the Seller's mortgage loan (interim, renewals and extensions) used for the development of the project shall be and remain at all times a superior lien on the project, and purchasers intentionally waive and subordinate the priority of lien under the Sales Contract in favor of the mortgage loan.

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 commercial 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 approves said Escrow Agreement and assumes the benefits and obligations therein provided.

MANAGEMENT OF THE PROJECT: The proposed Declaration provides that the management 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 Sales Contract to be signed by the purchasers provides that the Seller may appoint the initial manager and agent of the project. The Seller proposes to select Ronald A. Kawahara and Co., Suite 204, Lahaina Shopping Center Office Building, Lahaina, Maui 96761, as the initial managing agent for the project. A copy of the proposed Management Agreement has been submitted to the Commission.

STATUS OF PROJECT: The existing building was previously used as a theatre. The Developer has received a letter from the Department of Public Works, County of Maui, dated August 28, 1980 acknowledging that plans for the additional wing in the project have been submitted for building permit approval and that if such plans conform to all present ordinances, codes, rules and regulations, a permit will be issued. The construction of the new wing and the renovations to the existing building will commence on or about December 15, 1980 and is scheduled for completion on or about October 15, 1981.

NOTE: Since the project is not for residential use, disclosure requirements under HRS 514A-61(b) describing the condition of structural components, their expected useful life, and a list of uncured building code violations are inapplicable.

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The purchaser or prospective purchaser should be cognizant of the fact that this published report represents information disclosed by the Seller in the required Notice of Intention submitted October 24, 1980 and information submitted as of December 2, 1980.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1361, filed with the Commission on October 24, 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 yellow.



G.A. "Red" MORRIS, Chairman  
Real Estate Commission  
State of Hawaii

DISTRIBUTION:

Department of Taxation  
Bureau of Conveyances  
Planning Commission, County of Maui  
Federal Housing Administration  
Escrow Agent

Registration No. 1361

December 5, 1980

<u>Apartment No.</u>	<u>Apartment Area</u>	<u>Percentage Interest in the Common Elements to be Conveyed</u>
1000	approximately 762.50 square feet	3.09388%
1010	approximately 1,292.50 square feet	5.24438%
1020	approximately 762.60 square feet	3.09428%
1030	approximately 1,017.60 square feet	4.12896%
1040	approximately 984.00 square feet	3.99263%
1050	approximately 673.60 square feet	2.73316%
1060	approximately 1,276.60 square feet	5.17987%
1070	approximately 602.70 square feet	2.44548%
1080	approximately 620.00 square feet	2.51568%
1090	approximately 179.50 square feet	0.72833%
1100	approximately 210.64 square feet	0.85468%
1110	approximately 273.20 square feet	1.10852%
2000	approximately 3,579.60 square feet	14.52441%
2010	approximately 615.20 square feet	2.49620%
2020	approximately 1,284.60 square feet	5.21233%
2030	approximately 673.60 square feet	2.73316%
2040	approximately 1,000.00 square feet	4.05755%
2050	approximately 1,000.00 square feet	4.05755%
2060	approximately 1,000.00 square feet	4.05755%
2070	approximately 1,000.00 square feet	4.05755%
2080	approximately 1,465.56 square feet	5.94658%
2090	approximately 780.00 square feet	3.16489%
2100	approximately 1,000.00 square feet	4.05755%
2110	approximately 915.00 square feet	3.71266%
2120	approximately 762.50 square feet	3.09388%
3000	approximately 913.90 square feet	<u>3.70829%</u>
	TOTAL	100.00000%