

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
KA UKA CENTER
Ukee Street and Ka Uka Boulevard
Gentry Business Park
Waipio, Oahu, Hawaii

REGISTRATION NO. 1402

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: May 19, 1981
Expires: June 19, 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 MARCH 13, 1981 AND INFORMATION SUBSEQUENTLY FILED AS OF MAY 11, 1981. 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, AS AMENDED.

1. KA UKA CENTER is a proposed fee simple commercial condominium project consisting of twenty-six (26) apartments contained in two (2) one-story buildings and 92 parking stalls, eighty-four (84) of which shall be appurtenant to apartments and eight (8) of which shall be for visitors. Nine (9) of the appurtenant apartment stalls are for compact cars.
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 Seller 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.
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 provisions of Chapter 514A, Hawaii Revised Statutes, as amended, 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, May 19, 1981, unless a Final or Supplementary Public Report issues or the Commission, upon review of this registration, issues an order extending the effective period of this report.
7. This Preliminary Public Report (yellow paper stock) is made a part of the registration of KA UKA CENTER condominium project. The Developer is required to provide all purchasers and prospective purchasers a copy of this report and the Disclosure Abstract and secure a signed receipt therefor.

NAME OF PROJECT: KA UKA CENTER

LOCATION: The 105,765 square feet of real property to be submitted to the horizontal property regime is located at the corner of Ukee Street and Ka Uka Boulevard at Gentry Business Park in Waipio, District of Ewa, City and County of Honolulu, State of Hawaii.

TAX MAP KEY: 9-4-99-20

ZONING: Light Industrial (I-1)

DEVELOPER: Gentry-Waipio, A Joint Venture, a Hawaii registered general partnership with its address at 94-539 Puahi Street, Waipahu, Hawaii (Telephone No. 671-6421). The general partners of the partnership are Tom Gentry and Gentry-Pacific, Ltd., a Hawaii corporation. The address for both partners is P. O. Box 295, Honolulu, Hawaii 96809.

ATTORNEYS REPRESENTING SELLER: MAU, WHITE & YEE, Attorneys At Law, A Law Corporation (Attention: Ronald W. K. Yee), Suite 303, 1000 Bishop Street, Honolulu, Hawaii 96813; telephone 536-3451.

DESCRIPTION: According to the proposed Declaration of Horizontal Property Regime submitted to the Commission, the Project will consist of two (2) single-story buildings, Building I containing nineteen (19) apartments and Building II containing seven (7) apartments, and common elements and limited elements, as hereinafter described, all in accordance with the plans therefor to be filed in the Office of the Assistant Registrar of the Land Court, State of Hawaii, as the Condominium Map for the Project, hereinafter called the "Condominium Map". Building I will be constructed principally of concrete slab on grade, concrete perimeter walls, gypsum board demising walls, built-up roof over wood panelized roof system, clay tile roofing, aluminum store front and roll-up doors, glass, metal and other building materials. Building II will be principally constructed of concrete slab on grade, stud and plaster perimeter walls, gypsum board demising walls, built-up roof over wood panelized roofing system, clay tile roofing, aluminum store front, glass, metal and other building materials.

1. DIVISION OF THE PROJECT. The Project shall be divided into twenty-six (26) separate freehold estates with appurtenant interests in parking stalls, common elements and limited common elements as follows:

a. Description of Apartments, Building I

<u>Apartment Designation</u>	<u>Space Type</u>	<u>Area (in square feet)</u>	<u>Percentage Interest in Common Elements (Common Interest)</u>	<u>Assigned Parking Stalls (numbers as shown on Condominium Map)</u>
1	warehouse-showroom	1,835	4.199	62*, 63, 85, 86
2	warehouse	1,230	2.814	61*, 64
3	warehouse	1,230	2.814	60*, 65
4	warehouse	1,230	2.814	59, 66
5	warehouse	1,230	2.814	57, 58
6	warehouse	5,666	12.966	3*, 4*, 5*, 6, 53, 54, 55, 56
7	warehouse	1,848	4.229	7, 8, 52
8	warehouse	1,812	4.146	9, 10, 51
9	warehouse	1,830	4.188	11, 12, 50
10	warehouse	1,830	4.188	13, 14, 49
11	warehouse-showroom	1,911	4.373	15, 16, 48
12	warehouse-showroom	1,911	4.373	17, 18, 45, 46
13	warehouse	1,830	4.188	19, 20, 44
14	warehouse	1,830	4.188	21, 22, 43
15	warehouse	1,848	4.229	23, 24, 42
16	warehouse	1,812	4.146	25, 40, 41
17	warehouse	1,830	4.188	26, 38, 39
18	warehouse-showroom	1,465	3.352	27, 28, 31
19	warehouse-showroom	3,410	7.803	29, 30, 34*, 35*, 36*, 37
		<u>37,588</u>	<u>86.012</u>	* compact stalls

Each apartment in Building I will be a one room ground level space which has immediate access to the driveway and parking area. Building I will be in the general shape of an "L" with its short leg running South to North and its long leg running West to East. Apartments 1 through 5 will be located along the short leg and will be numbered consecutively starting at the South end of the leg. Apartments 6 through 19 will be located along the long leg and will be numbered consecutively starting on the West end of the leg.

b. Description of Apartments, Building II

<u>Apartment Designation</u>	<u>Space Type</u>	<u>Area (in square feet)</u>	<u>Percentage Interest in Common Elements (Common Interest)</u>	<u>Assigned Parking Stalls (numbers as shown on Condominium Map)</u>
A	Office	708	1.620	75, 76
B	Office	625	1.430	77, 78
C	Office	625	1.430	79, 80
D	Office	1,150	2.632	67, 81, 82, 90
E	Office	1,000	2.288	68, 69, 89
F	Office	1,150	2.632	70, 71, 87, 88
G	Office	855	1.956	72, 73, 74
		<u>6,113</u>	<u>13.988</u>	

Each apartment in Building II will be a one room, ground level space with immediate access to hallways leading to a service court serving Building II which opens to the driveway and parking area. The apartments will be situated in the general configuration of a "U" with Apartment A located at the Northeast corner of Building II and the remaining apartments located and designated in consecutive order from Apartment B to Apartment G located at the Northwest corner of Building II.

2. Limits of Apartments: The boundaries of each apartment shall be deemed to be the undecorated, unfinished interior surfaces of loadbearing perimeter walls, the vertical plane of the centerline of any non-loadbearing demising wall or walls which separate each such apartment from the adjacent apartment or apartments, the exterior surfaces of perimeter doors, glass, screens, and frames therefor, and the unfinished, undecorated interior surfaces of floors and ceilings. Each apartment shall be deemed to include the space within such boundaries, and all improvements, fixtures, decorations, finishes and coverings within such apartment space, including non-loadbearing walls and partitions, demising walls, paint, wallpaper or other wall coverings, carpeting or other floor coverings, and electrical and plumbing fixtures; but each apartment shall not be deemed to include the undecorated, unfinished interior surfaces of loadbearing perimeter walls, floors and ceilings, or to include columns, girders, beams or other projections within such apartment space which are an integral part of the structure of the building, or to include any pipes, wires, ducts, conduits or other utility or service lines running through such apartment which are utilized for or serve more than one apartment, all of which are common elements as hereinafter provided. Subject to the provisions of the paragraph hereinafter entitled Alteration Of Size And Configuration Of Adjacent Apartments, nothing herein shall be deemed to limit the right of the owner or owners of adjacent apartments separated by non-loadbearing demising walls to alter the size and configuration of their respective apartments by removing, reconstructing and/or repositioning all or portions of the demising walls separating their apartments upon mutual agreement. Such non-loadbearing demising walls are party walls jointly owned by the owners of the apartments separated by such demising walls.

COMMON ELEMENTS: All elements of the Project other than the apartments shall constitute the common elements of the Project, including but not limited to:

1. The land submitted to the Horizontal Property Regime;
2. All foundations, floor slabs, columns, girders, beams, supports, loadbearing walls and roofs;
3. All building walkways, hallways and sidewalks, entrances and exits to the buildings, courtyard areas, loading areas, driveways and parking stall areas, including eight (8) visitor parking stalls;
4. All fences, gates, retaining walls, and exterior lighting facilities;
5. All grounds, landscape areas and planting areas;
6. All refuse collection areas, storage rooms, and mechanical and electrical areas;
7. All pipes, wires, ducts, conduits, sewer and water lines, electrical lines, meters, vents and other central and appurtenant facilities and equipment for providing services such as gas, electricity, water, sewer, ventilation and telephone, which facilities and equipment are utilized for or serve more than one apartment; and
8. Any other apparatus or installation for common use and all other elements of the Project necessary or convenient to the existence, maintenance and safety of the Project.

LIMITED COMMON ELEMENTS: The following portions of the common elements shall be designated and set aside as limited common elements which shall be reserved for the exclusive use of certain apartments to the exclusion of the other apartments as hereinafter set forth:

1. The eighty-four (84) parking stalls assigned to the respective apartments as shown above in the Description, which parking stalls shall be limited common elements for the exclusive use of the respective apartments to which they are assigned;

NOTE: Any parking stall designated as a limited common element appurtenant to an apartment may be exchanged for another parking stall designated as a limited common element appurtenant to another apartment by an instrument amending the Declaration and amending the Certificate of Title of each of the directly affected apartments, which instrument expressly identifies the parking stalls being exchanged, the apartments to which the parking stalls have been appurtenant and the apartment to which the parking stalls are being conveyed and will be appurtenant upon the exchange. Such instrument need only be executed by the owners of the directly affected apartments, and such instrument shall be effective only upon the filing thereof in the Office of the Assistant Registrar of the Land Court, State of Hawaii. To the extent that the joinder of apartment owners in addition to the owners of the directly affected apartments may be required to validate any such instrument, such joinder shall be deemed accomplished by execution of same by the owners of the directly affected apartments under power of attorney from each of the other apartment owners, the acceptance of ownership of an apartment subject to the Declaration being a grant of such power, and the grant, being coupled with an interest, being irrevocable. A copy of any such instrument shall be given to the Association of Apartment Owners by the owners of the directly affected apartments within fifteen (15) days of the filing thereof.

2. The respective entrance and loading bay areas for each of the apartments in Building I, each of which such entrance and loading bay areas shall be a limited common element for the exclusive use of the apartment which it adjoins for ingress and egress;
3. The four (4) showroom view areas respectively fronting apartments 11, 12, 18 and 19, as shown on the proposed Condominium Map, each of which such showroom areas shall be a limited common element for the exclusive use of the apartment to which it is adjacent;
4. The loading zone, driveway, service courtyard, custodian's room, trash area, hallways and restrooms in or about Building II, as shown on the proposed Condominium Map, which shall be limited common elements for the exclusive use of the apartments in Building II; and

INTEREST TO BE CONVEYED TO THE PURCHASER: The percentage of undivided interest in the common elements appertaining to each apartment shall be as shown above in the Description. Such percentages shall govern the proportionate representation for voting in matters requiring action by the owners of apartments.

ALTERATION OF SIZE AND CONFIGURATION OF ADJACENT APARTMENTS: The size and configuration of adjacent apartments separated by non-loadbearing demising walls may be altered, and the common interest appurtenant to each such apartment may be correspondingly altered by mutual consent and agreement of the owners and mortgagees of the directly affected apartments as expressed in an instrument amending the Declaration and amending the Certificate of Title of each of the directly affected apartments, but only upon the following conditions:

1. That any such alteration shall be accomplished only by removal, reconstruction, repositioning and/or realignment of all or portions of the non-loadbearing demising

walls separating the directly affected apartments and only after obtaining the consent of the Board of Directors of the Association of Owners;

2. That the number and designation of apartments as set forth herein shall not be changed, notwithstanding that the relative size and configuration of two or more adjacent apartments may be altered;
3. That the aggregate of common interests appurtenant to the directly affected apartments after the alteration in size and configuration shall be exactly equal to the aggregate of common interests appurtenant to the directly affected apartments prior to the change;
4. That the percentage of common interest appurtenant to each of the directly affected apartments shall be changed to reflect the change in the relative size of the apartments;
5. That no alteration of the configuration to adjacent apartments shall in any way change, alter, modify, damage or in any way affect the common elements of the Project in, about or running through the directly affected apartments;
6. That any such alteration of the configuration of adjacent apartments shall be in compliance with all applicable governmental laws, ordinances, codes and regulations;
7. That no alteration of the size and configuration of adjacent apartments shall necessitate any increase in the charges, costs or expenses incurred by the Association of Owners in the administration of the Project so as to increase the common expenses of the Project; and
8. That no alteration of the size and configuration of any adjacent apartments and of the respective common interests appurtenant thereto shall be effective until an instrument amending the Declaration and amending the Certificate of title of each of the directly affected apartments executed by the owners of all directly affected apartments, has been filed in the Office of the Assistant Registrar of the Land Court, State of Hawaii, which instrument (i) identifies the directly affected apartments; (ii) describes the alteration of the size and configuration of the directly affected apartments, (iii) describes the area in square feet of each of the directly affected apartments as altered, (iv) describes the percentage of common interest appurtenant to each of the directly affected apartments as altered, (v) contains a floor plan showing the layout, location, apartment numbers and dimensions of the directly affected apartments and bearing the verified statement of a registered architect or professional engineer that such floor plan is an accurate copy of a portion of the plans of the building as filed with and approved by the city and county official having jurisdiction over the issuance of permits for construction of buildings and that such floor plan fully and accurately depicts the layout, location, apartment numbers and dimensions of the affected apartments as built, and (vi) contains an affirmative statement by all the owners of the directly affected apartments that the alteration of the apartments will not change, alter, modify, damage or in any way affect the common elements in, about or running through the directly affected apartments and contains an indemnity by such owners in favor of the Association of Apartment Owners for any costs or expenses incurred by the Association for repair or restoration of the common elements necessitated by the alteration of the apartments.

To the extent that joinder of apartment owners in addition to the owners of the directly affected apartments may be required to validate any such instrument, such joinder shall be deemed accomplished by execution of same by the owners of the directly affected apartments under power of attorney from each of the other apartment owners, the acceptance of ownership of an apartment subject to the

Declaration being a grant of such power, and the grant, being coupled with an interest, being irrevocable. A copy of any such instrument shall be given to the Association of Apartment Owners by the owners of the directly affected apartments within fifteen (15) days of the filing thereof.

SANITARY AND WATER FACILITIES NOT BUILT IN PLACE: Prospective purchasers should be aware that to retain flexibility of placement and because of the possibility of alteration in the size and configuration of adjacent apartments and the corresponding uncertainty of the requirements for each apartment, no specific provisions have been made for locating sanitary and water facilities within the apartments, and the apartments will be sold without such facilities in place. Plumbing facility stubs (3-inch wall sewer clean-out line and 1-inch water gate valve) will be located within the apartments in Building I to enable installation of sanitary and water facilities as may be required by law, but the actual installation of such facilities will be at the purchaser's separate choice and expense. All apartments in Building II will share a common sanitary facility. In addition, there will be two 1½-inch water gate valve stubs located within Building II to enable water hook-ups to the individual apartments and sewer facility stubs (4-inch floor sewer clean-out line) located within each apartment in Building II.

ELECTRICAL CAPABILITIES: The Developer has planned electrical service to each of the apartments with the electrical capabilities of each apartment in accordance with the following schedule:

<u>Apartment Designation</u>	<u>Kilowatts</u>	<u>Amps</u>
1	25	69
2	20	56
3	20	56
4	20	56
5	20	56
6	104	289
7	30	83
8	30	83
9	30	83
10	30	83
11	36	100
12	36	100
13	30	83
14	30	83
15	30	83
16	30	83
17	30	83
18	27	75
19	45	125
<u>Off.</u>		
A	34	94
B	34	94
C	34	94
D	57	158
E	57	158
F	57	158
G	34	94

VOLTAGE IS 120/208/3PH/4WIRE

Electrical conduits from the central junction and meter box are in each building will be provided to each apartment, but each apartment owner will be responsible for electrical design, plan and installation of electrical service to his apartment.

PURPOSES OF BUILDINGS AND RESTRICTIONS AS TO USE: The apartments in Building I shall be occupied and used only for warehouse and showroom purposes and other purposes permitted by law and the Declaration of Covenants, Conditions and Restrictions for the Gentry-Waipio Industrial Area hereinafter described, which are consistent with and appropriate to the design of Building I and for which adequate ventilation, plumbing and other utility and service facilities exist. The apartments in Building II shall be occupied and used only for office purposes and other purposes permitted by law which are consistent with and appropriate to the design of Building II and said Declaration of Covenants, Conditions and Restrictions and for which adequate ventilation, plumbing and other utility and service facilities exist. No apartment shall be rented for transient purposes which are defined as rental for any period of less than thirty (30) days. 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 in the By-Laws or in any apartment deed. No apartment owner shall use his apartment for any purpose which would injure the reputation of the Project or shall suffer anything to be done or kept in his apartment or elsewhere in the Project which will jeopardize the soundness and integrity of any building or the surrounding premises, interfere with or unreasonably disturb the rights of other owners and occupants of apartments, obstruct any facilities for access to any building or any part thereof, increase the rate of fire insurance on any building or the contents thereof or reduce the value of the Project.

In addition, the House Rules prohibit pets or other animals to be kept, bred or used in the apartment without prior written permission of the Board of Directors, except temporarily in any apartment which is used as a veterinary establishment and which has been adequately air conditioned and soundproofed.

OWNERSHIP OF TITLE: The Preliminary Report dated January 8, 1981, issued by Security Title Corporation, reports that title to the land is vested in the Developer, Gentry-Waipio, A Joint Venture.

ENCUMBRANCES AGAINST TITLE: Said Preliminary Report dated January 8, 1981 reports that title to the land is subject to the following encumbrances:

1. The terms and provisions of that certain Unilateral Agreement and Declaration for Conditional Zoning dated August 26, 1977 filed in said Office as Document No. 832326.
2. Mortgage in favor of Bank of Hawaii, dated March 3, 1978, filed in said Office as Document No. 867417. A notice of commitment to make future advances against said mortgage (dated June 16, 1978) was filed as Document No. 882129.
3. Additional Charge Mortgage in favor of Bank of Hawaii, dated June 21, 1979, filed in said Office as Document No. 949092.
4. Loan Modification Agreement and Amendment of Mortgage dated October 10, 1980, filed in said Office as Document No. 1039028.
5. Additional Charge Mortgage in favor of Bank of Hawaii, dated October 10, 1980, filed in said Office as Document No. 1036157.
6. Declaration of Covenants, Conditions and Restrictions dated January 10, 1979, filed in said Office as Document No. 919493. See NOTE below.
7. Designation of Easement 2820 as shown on Map 510 as set forth by Land Court Order No. 51947, filed December 12, 1978.
8. Grant of Easement 2820 to Hawaiian Electric Co., Inc., dated February 18, 1979, filed in said Office as Document No. 925688.
9. Real Property Taxes as may be due and owing. For further information, check with the Tax Assessor, First Division.

NOTE: The Project and all apartments will be subject to the Declaration of Covenants, Conditions and Restrictions for the Gentry-Waipio Industrial Area (now known as "Gentry Business Park"), dated January 10, 1979 and filed in the Office of the Assistant Registrar of the Land Court as Document No. 919,493 (hereinafter referred to as the "Industrial Area Declaration"). The Industrial Area Declaration sets forth design and construction requirements and use restrictions binding on all lots within Gentry Business Park, including all condominium apartment units. It also provides for the establishment of a non-profit corporation ("Association") to manage and govern the affairs of the Association as set forth in the Industrial Area Declaration whose membership shall include all owners and long-term lessees of lots in Gentry Business Park (including condominium apartments). Prospective purchasers are encouraged to obtain and review copies of the Industrial Area Declaration and the Charter of Incorporation and By-Laws of the Association, which are available through the Developer and its authorized sales agent, Waipio Realty Corporation.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated March 3, 1981 between Security Title Corporation, as Escrow, and the Developer, has been filed with the Commission. On examination, the executed Escrow Agreement and specimen Reservation and Sales Agreement filed with the Commission are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended.

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 Reservation and Sales Agreement 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 year from the date of issuance of the Preliminary Public Report.

Among other provisions, the Reservation and Sales Agreement provides that within forty-five (45) days after being notified of the acceptance and execution of the Reservation and Sales Agreement by Seller, purchaser must furnish evidence satisfactory to Seller of purchaser's ability to pay the purchase price as set forth in Section D thereof. If purchaser wishes to finance the purchase of the subject apartment unit by way of a mortgage loan, purchaser must obtain and deliver to Seller within said forty-five day period evidence that Purchaser has qualified for such a loan from a lending institution, such qualification being subject only to such lending institution's normal procedures for confirmation and verification of loan qualification status prior to formal loan commitment. If purchaser intends to purchase the subject apartment unit in cash, purchaser must provide to Seller, within said forty-five day period, proof satisfactory to Seller of purchaser's ability to pay the purchase price in cash; and in addition, if further required by Seller, Purchaser must post security for payment of the purchase price in an amount and form satisfactory to Seller. If, within said forty-five day period, Purchaser has not

qualified for a mortgage loan or satisfactory proof of purchaser's ability to pay in cash is not provided, Seller may elect to cause Escrow to refund all sums theretofore paid by purchaser pursuant to the Reservation and Sales Agreement, without interest, as provided in the Escrow Agreement, but less the cancellation fee charged by Escrow, as provided in said Escrow Agreement, and on the fifth day following the date such refund is mailed or delivered by Escrow to purchaser at any one of the addresses of purchaser set forth in Section B thereof, the Reservation and Sales Agreement shall be null, void and of no effect, and neither Seller nor purchaser shall have any further rights or obligations thereunder or with respect thereto.

In addition, the Reservation and Sales Agreement provides that Developer (Seller) and purchaser shall have the following cancellation rights:

(a) If there is any material change in the condominium building plans subsequent to the execution of the Reservation and Sales Agreement by the purchaser, which change has a significant adverse effect on the interest to be purchased and which change requires the approval of the county officer having jurisdiction over the issuance of building permits, purchaser shall have the right to cancel the Reservation and Sales Agreement by giving written notice of cancellation to Seller, unless purchaser has previously given written approval or acceptance of such change.

(b) Seller shall have the right and option to cancel the Reservation and Sales Agreement by written notice to the purchaser if (1) within seven (7) days from the mailing or delivery by Developer (Seller) of a copy of said Final Public Report, the purchaser shall fail to acknowledge receipt thereof; or (2) within ten (10) days from the mailing or delivery by Seller of a request for same, purchaser shall fail to give his written approval or acceptance of any change to the building plans, if such written approval or acceptance is called for under the provisions of paragraph H.20 of the Reservation and Sales Agreement.

Prospective purchasers should also be aware that Section H.4 of the Reservation and Sales Agreement provides that all the rights of purchaser under said Reservation and Sales Agreement are and shall be subordinate to the lien of any mortgage described in Section F of the Reservation and Sales Agreement which is made prior or subsequent to the execution of the Reservation and Sales Agreement.

IT IS INCUMBENT UPON THE PURCHASER AND THE PROSPECTIVE PURCHASER THAT HE READ WITH CARE THE RESERVATION AND SALES AGREEMENT 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 SAID TRUST FUNDS. THE SPECIMEN RESERVATION AND SALES AGREEMENT SPECIFICALLY PROVIDES THAT THE PURCHASER APPROVES SAID ESCROW AGREEMENT AND ASSUMES THE BENEFITS AND OBLIGATIONS THEREIN SET FORTH AND ALSO SPECIFICALLY PROVIDES THAT ANY SUCH RESERVATION AND SALES AGREEMENT WILL BE SUBORDINATE TO THE LIEN OF ANY CONSTRUCTION OR DEVELOPMENT LOAN, WHETHER OR NOT THE LOAN IS DIRECTLY RELATED TO THE PROJECT.

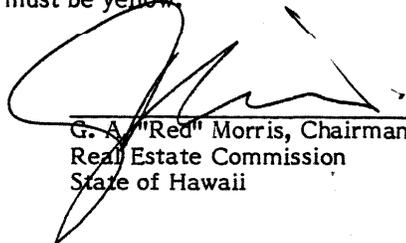
MANAGEMENT OF THE PROJECT: The proposed Declaration provides that the management of the project shall be conducted for the Association of Apartment Owners under the direction of the Board of Directors by a responsible managing agent. The proposed Declaration and the Reservation and Sales Agreement to be signed by purchasers also provides that the Seller will be the initial managing agent and/or may appoint a successor managing agent prior to the first meeting of the Association of Apartment Owners.

STATUS OF PROJECT: Construction of the Project is subject to Developer obtaining acceptable financing. If and when such financing is obtained, completion of the Project is anticipated to take approximately 7 months.

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 March 13, 1981 and information subsequently filed as of May 11, 1981.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1402, filed with the Commission on March 13, 1981.

The report, when reproduced, shall be a true copy of the Commission's public report. The paper stock used in making facsimilies 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 Honolulu
Federal Housing Administration
Escrow Agent

Registration 1402

May 19, 1981

