

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
LILIHA PROFESSIONAL CENTER
1818 Liliha Street
City and County of Honolulu
State of Hawaii

REGISTRATION NO. 1432

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: June 19, 1981
Expires: July 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 JUNE 8, 1981 AND INFORMATION SUBSEQUENTLY FILED AS OF JUNE 15, 1981. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIRE-

MENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A,
HAWAII REVISED STATUTES, AS AMENDED.

1. LILIHA PROFESSIONAL CENTER is a proposed fee simple condominium project presently planned to contain 16 commercial apartment units located in one (1) two and one-half story building. There will be 41 unassigned parking stalls, five of which are for compact cars.
2. The Developer of the Project has submitted to the Commission for examination all documents deemed necessary for the registration of this proposed condominium project and the issuance of this Preliminary Public Report.
3. The basic documents, a proposed Declaration of Horizontal Property Regime, proposed Bylaws of the Association of Apartment Owners and preliminary floor plans, have not been filed in the office of the recording officer.
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, as amended, and the Condominium Rules and Regulations which relate to Horizontal Property Regimes.
6. This Preliminary Public Report is made a part of the registration on LILIHA PROFESSIONAL CENTER condominium project. The Developer shall be 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 copy of the receipt therefor.
7. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, June 19, 1981, unless a Final or 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: LILIHA PROFESSIONAL CENTER

LOCATION AND LAND AREA: The Land to be submitted to the Regime and on which the Project will be situated consists of two parcels located at 1818 Liliha Street, City and County of Honolulu, and containing a total of approximately 20,416 square feet.

TAX MAP KEY: 1-7-36: 37 and 38

ZONING: Residential (R-7). However, documentation furnished by the Developer indicates the property is general planned for B-2 (Community Business District).

DEVELOPER: LILIHA PROPERTIES, a joint venture registered as a Hawaii general partnership, whose mailing address is 800 South Beretania Street, Third Floor, Honolulu, Hawaii 96813. Telephone: 523-7071. The co-venturers are:

Timberland Development, Inc. 800 South Beretania Street
Honolulu, Hawaii 96813

EMTI Corporation 800 South Beretania Street
Honolulu, Hawaii 96813

ATTORNEY REPRESENTING DEVELOPER: Diane Erickson, Attorney at Law, Suite 1535, Pacific Trade Center, 190 South King Street, Honolulu, Hawaii 96813. Telephone: 521-1133.

DESCRIPTION: The proposed Declaration provides that the land to be submitted to the Regime will be improved according to the development plans and intention to sell, by constructing thereon 16 commercial apartment units located in one (1) low-rise 2 1/2-story building. The building will be constructed basically of concrete, plaster, wood, glass and appropriate trim. Parking will be in forty-one (41) unassigned parking stalls located on-grade under the building. Five (5) parking stalls will accommodate only compact-sized vehicles.

The sixteen (16) commercial apartments are to be sold as unfinished units. Plumbing, sewer, water lines and electrical service lines will be only roughed in and no appliances will be constructed or installed. Only studwork for perimeter walls separating two apartments will be provided.

The initial purchaser of an apartment shall, at its own cost and expense, finish the apartment, including the perimeter wall dividing two apartments, according to plans and specifications prepared by a licensed architect or registered professional engineer, and approved in writing by Developer; provided that said initial purchaser shall secure a payment and performance bond naming as obligees said initial purchaser, Developer and any other affected owners or purchasers or mortgagees of apartments as their interests may appear, in a penal sum of 100% of the cost of any construction, guaranteeing the payment of funds in an amount necessary to insure the completion thereof free and clear of all mechanics' and materialmen's liens, and that such construction will be carried out in strict compliance with any applicable laws.

The number of the apartments and their location, approximate area, and other data are more particularly described in Exhibit "A" attached hereto and made a part hereof. The apartments are as designated on the proposed Condominium

Map. Each apartment has immediate access to the entry ways and to the corridors, walkways and stairways and elevators appurtenant to such apartment and connecting it to the common elements and parking area of the Project and the public street.

Each apartment is designated as a separate free-hold estate. The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls, the floors and ceilings (which shall consist of ceiling grids) surrounding each apartment or any fire sprinklers or components, any pipes, wires, vents, ducts, conduits or other utility or service lines or enclosed spaces for wiring, pipes, air exhaust or air conditioning running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements as hereinafter provided. Each apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter walls, the inner decorated or finished surfaces of all walls, floors and ceilings, and any doors, windows or panels along the perimeters. The approximate apartment total floor areas set forth in said Exhibit "A" are based on measurements taken to the exterior of all perimeter walls, except that where a perimeter wall separates two apartments, the measurement has been taken to the centerline of such perimeter wall, or where there is no such perimeter wall, to the centerline of where such wall is placed according to the proposed Condominium Map.

All floor areas set forth above are not exact but are approximations based upon the floor plans for each type of apartment.

All of the floor areas set forth in said Exhibit "A" have been measured in accordance with local architectural practice. These measurements do not follow the designation of the limits of the apartments (the legally designated areas of the apartments) set forth above and the floor areas set forth in said Exhibit "A" are greater than the floor areas of the apartments as so designated and described above.

COMMON ELEMENTS: The proposed Declaration reflects that the common elements for the Project consist of:

- (a) Said land in fee simple.
- (b) All foundations, floor slabs, columns, girders, beams, supports, unfinished perimeter and load-bearing walls, chases, entries, exits, corridors, elevators, roofs, stairs, stairways, entry halls, walks and walkways around said building.
- (c) All yards, grounds, landscaping, retaining walls, planters and all refuse facilities.
- (d) All parking areas and spaces, driveways, ramps, loading areas, walkways, and exterior lighting, if any.

(e) All ducts, sewer lines, electrical equipment, central water heating systems, wiring, pipes, and other central and appurtenant transmission facilities and installations on, over, under and across the Project which serve more than one apartment for services such as power, light, water, gas, 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 Property necessary or convenient to its existence, maintenance and safety, or normally in common use.

LIMITED COMMON ELEMENTS: There are no limited common elements. Parking will be unassigned, and the parking stalls are part of the common elements.

INTEREST TO BE CONVEYED PURCHASER: The proposed Declaration states that the undivided interest in the common elements appertaining to each apartment for voting and all other purposes shall be as shown in Exhibit "A" attached.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The proposed Declaration of Horizontal Property Regime states that each apartment shall be occupied and used exclusively for professional office purposes and for no other purpose.

The use of apartments is otherwise subject to the Declaration of Horizontal Property Regime, the Bylaws attached thereto and to any House Rules that may later be adopted. None have been proposed at the date of this report.

OWNERSHIP OF TITLE: The Preliminary Title Reports issued by Aloha Title Co., Inc. dated May 5, 1981 and May 27, 1981 certify that the fee simple title to the land is vested as follows:

1. The present owners of the land identified as TMK:1-7-36-37, area 8,604 square feet, are Fred C. Blanco and Mary A. Blanco, c/o Suite 202, 925 Bethel Street, Honolulu, Hawaii 96813.

NOTE: The Developer has disclosed that the property is subject to a Deposit Receipt, Offer and Acceptance ("DROA") dated April 16, 1981 whereby the present owners agree to sell the property to Ind-Comm Properties, Inc. Ind-Comm Properties, Inc. is an affiliate of Timberland Development, Inc., one of the venturers of the Developer, and has acknowledged that it entered into the DROA as Agent for the Developer. The DROA provides that closing will occur on or before August 15, 1981. The sale is subject to the closing of the purchase and sale of the adjoining property, identified as 1814 Liliha Street, TMK:1-7-36-38.

2. The present owner of the land identified as TMK:1-7-36-38, area 11,812 square feet, is Estate of Margaret Coleman. By Order Confirming Sale of Real

Property, filed December 5, 1977 in the Circuit Court of the First Circuit, State of Hawaii in P. No. 37554, the sale of the property to clients of Blanco Realty Co., Inc. was confirmed.

NOTE: The Developer has disclosed that the client of Blanco Realty Co., Inc., Aloha Local Development Corp. ("ALDCO"), has entered into a Deposit Receipt, Offer and Acceptance, dated October 8, 1980, whereby ALDCO has agreed to sell the property to Ind-Comm Properties, Inc. Ind-Comm Properties, Inc. is an affiliate of Timberland Development, Inc., one of the venturers of the Developer, and has acknowledged that it entered into the DROA as Agent for the Developer. The attorneys for the Estate have entered into a letter agreement providing that closing will occur on or before August 15, 1981.

ENCUMBRANCES AGAINST TITLE: Said Preliminary Title Reports dated May 5, 1981 and May 27, 1981, reveal that the land is subject to the following encumbrances:

1. For any taxes that are due and owing, reference is made to the Office of the Tax Assessor, First Division.

2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.

3. As for the land identified as TMK:1-7-36-37 (the Blanco property) said Preliminary Title Report reveals that it is subject to the following:

a. Real estate mortgage dated September 10, 1971, recorded in the Bureau of Conveyances in Book 7801, Page 42, made by Haruko Yamagata, widow, to American Savings and Loan Association, a Utah corporation, which states that it secures a debt in the principal amount of \$63,000.

b. Mortgage dated November 7, 1980, recorded in said Bureau of Conveyances in Book 15127, Page 114, made by Fred C. Blanco and Mary A. Blanco, husband and wife, to Finance Factors, Limited, a Hawaii corporation, which states that it secures a debt in the principal sum of \$46,000.

4. As for the land identified as TMK:1-7-36-38 (the Coleman property) said Preliminary Title Report reveals that it is subject to the following:

a. Mortgage dated August 26, 1965, recorded in said Bureau of Conveyances in Book 5121, Page 119, made by Margaret Kaheakulani Coleman, widow, to International Savings and Loan Association, Limited, a Hawaii corporation, which states that it secures a debt in the principal sum of \$21,000.

b. Proceedings made in the matter entitled "In the Matter of the Estate of Margaret Coleman, aka Margaret K. Coleman, aka Margaret Kaheakulani Coleman and Mrs. Margaret K. Coleman, deceased" under Probate No. 37554 now pending in the Supreme Court of the State of Hawaii.

NOTE: The Notice of Intention filed by the Developer states that if the Developer undertakes the construction of the Project, the Developer will subject the land and the Project to a mortgage or mortgages to finance the construction and development of the Project. While the rights of purchasers under sales contracts will be subject to such a mortgage or mortgages, and any and all replacements thereof, and any and all construction and interim loans, before title is transferred to a purchaser, all mortgages affecting a purchaser's apartment will first be released.

(Note: Copies of the documents listed under this topical heading are on file with the Real Estate Commission.)

PURCHASE MONEY HANDLING: Copies of a specimen Reservation Agreement/Sales Contract, specimen Apartment Deed and an executed Escrow Agreement have been submitted as part of the registration. On examination, the specimen Reservation Agreement/Sales Contract and executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended, and specifically, but without limitation, with § 514A-40(6) and §§ 514A-37, 514A-39, and 514A-63 through 66. The Escrow Agreement dated June 5, 1981, identifies Aloha Title Co., Inc. as the Escrow.

It is incumbent upon the purchaser and prospective purchaser that he read these documents with care. The Escrow Agreement establishes how the proceeds from the reservation and sale of apartments are placed in trust, as well as the retention and disbursement of said trust fund and in particular discloses that funds under sales contracts (but not under reservation agreements) may be released from escrow for the payment of certain development and construction costs of the Project in compliance with the above-noted sections of the Hawaii Revised Statutes.

Among other things, said Escrow Agreement states a purchaser is entitled to a refund of his funds when:

a. Escrow receives a written request from Developer to return to the purchaser the funds of such purchaser then being held thereunder by Escrow; or

b. Seller has notified Escrow in writing that Developer or such purchaser has exercised the option to rescind the Sales Contract pursuant to any right of rescission stated therein or otherwise available; or

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 plans, subsequent to the execution of purchaser's Sales Contract, requiring approval of a county officer having jurisdiction over issuance of permits for construction of buildings, unless purchaser has given written approval or acceptance of the specific change or ninety (90) days have elapsed since the purchaser has accepted the apartment in writing or the purchaser has first occupied the apartment; or

d. If the purchaser's funds were obtained prior to the issuance of a Final Public Report for the Project and 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; or

e. If the Final Public Report is not issued within one (1) year of the date from the date of issuance of the Preliminary Public Report and the purchaser's rights under Section 514A-66, Hawaii Revised Statutes, are not waived.

The specimen Reservation Agreement/Sales Contract states the time for and the amount of installment payments on the purchase price, and the payment of closing costs. The specimen Reservation Agreement/Sales Contract also provides for termination pursuant to the above-noted sections of the Hawaii Revised Statutes, and at the Developer's option:

(1) if the purchaser should default; or

(2) if the Developer is prevented by law from proceeding with the construction of the Project, or if construction has not commenced for any reason by August 31, 1981; or

(3) in any the event that the Developer sells fewer than 12 of the 16 apartments by August 15, 1981.

Also, the specimen Reservation Agreement/Sales Contract provides that purchaser acknowledges and agrees that all security interests obtained by any lender financing the acquisition and/or construction of the Project, in connection with such loan(s) as well as any extensions, renewals and modifications thereof, shall be and remain at all times liens or charges on the Project prior to and superior to any and all liens or charges arising from the Reservation Agreement/Sales Contract or any other prior reservation agreement.

The specimen Reservation Agreement/Sales Contract provides that if the development and construction of the Project is delayed due to governmental restrictions or or causes beyond the control of the Developer and the Developer determines that increases in development and construction costs have occurred or will occur because of such delay, then the Developer may increase the purchase price for any apartment by an amount not in excess of the apartment's proportionate share of the total amount of such increase (such proportionate share being based on the percentage interest in the common elements appurtenant to such apartment), and the Reservation Agreement/Sales Contract will be deemed to be amended to incorporate the new purchase price on the Developer's giving notice of the new price to the purchaser unless the purchaser cancels the Reservation Agreement/Sales Contract within 10 days of the notice from the Developer of the price increase.

All interest on payments made pursuant to a Reservation Agreement/Sales Contract belongs to the Developer.

Purchasers and prospective purchasers should read the provisions of the specimen Reservation Agreement/Sales Contract with care. A purchaser signing a Reservation Agreement/Sales Contract merely reserves an apartment and is not obligated to purchase unless and until he voluntarily receipts for a copy of the Final Public Report and is notified by the Developer that the reservation has become a Sales Contract.

MANAGEMENT AND OPERATION: The proposed Bylaws of the Project state that the Board of Directors may employ, for the Association of Apartment Owners, a managing agent to perform such duties as the Board shall authorize, including the collection of all assessments from the owners. The specimen Reservation Agreement/Sales Contract provides that the Developer, acting on behalf of the Association, has the authority to appoint a responsible corporate managing agent. Developer proposes to initially appoint Ind-Comm Management, Inc., an affiliate of one of the developers, and has filed with the Commission a proposed copy of the management contract it intends to execute.

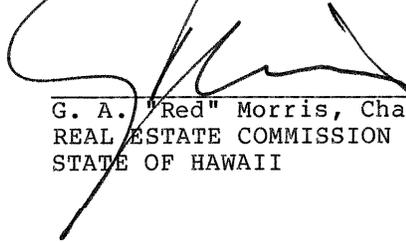
Until the election of the Board of Directors and officers of the Association of Apartment Owners, the Developer has reserved the right to exercise all the power of the Board and the Association, including voting, and shall have and continue to exercise all of the rights of an apartment owner, with respect to apartments owned by the Developer.

STATUS OF PROJECT: The Developer has disclosed that construction of the Project has not commenced as of the date of this Public Report, nor has interim or permanent financing for the Project been arranged. Though both parcels which will be the site of the Project each have wooden frame structures, such structures will be razed before construction of the proposed new building begins. The Developer advises that it has tentatively set August 31, 1981 as the estimated date for commencement of construction and that May 31, 1982 is the estimated completion date.

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 June 8, 1981 and information subsequently filed as of June 15, 1981.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1432 filed with the Commission on June 8, 1981.

The report when reproduced shall be a true copy of the Commission's Preliminary Public Report. The paper stock used in making facsimiles must be yellow.



G. A. "Red" Morris, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

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PLANNING COMMISSION, CITY AND COUNTY OF HONOLULU
FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT

Registration No. 1432

June 19, 1981

Exhibit "A"

The are sixteen (16) apartments designated on the Condominium Map by numerical designation. The first numeral of each apartment number designates the floor on which the apartment is located; the last two numerals indicate the location of the apartment on the floor. Apartments on the ocean (makai) side of the building are numbered serially 01, 03, 05 and 07 with the apartment designated 01 being closest to Liliha Street. Apartments on the mountain (mauka) side of the building are numbered serially 02, 04, 06, and 08, with the apartment designated 02 being closest to Liliha Street.

The size of each apartment and the percentage interest in the common elements of the Project appurtenant to each apartment is as follows:

<u>Unit No.</u>	<u>Size (square feet)</u>	<u>Percentage Interest in Common Elements (Each Apartment)</u>	<u>Percentage Interest in Common Elements (Total)</u>
101, 201	717	4.860	9.720
102, 202	702	4.758	9.516
103, 203	988	6.695	13.390
104, 204	1,141	7.732	15.464
105, 205	945	6.405	12.810
106, 206	771	5.225	10.450
107, 207	1,114	7.549	15.098
108, 208	1,000	6.776	<u>13.552</u>
			100.000%