

REAL ESTATE COMMISSION

PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF REGULATORY AGENCIES

STATE OF HAWAII
1010 RICHARDS STREET
P. O. BOX 3469
HONOLULU, HAWAII 96801

**FINAL
HORIZONTAL PROPERTY REGIMES (CONDOMINIUM)
PUBLIC REPORT
ON**

OLOHANA TERRACE
427 Olohana Street
Honolulu, Hawaii

Registration No. 1434 (Conversion)

IMPORTANT — Read This Report Before Buying

This Report Is Not an Approval or Disapproval of This Condominium Project

It reflects information obtained by the Real Estate Commission in its investigation of the project. This report, based on a principle of disclosure, is issued by the Commission for the purpose of preventing fraud, misrepresentation or deceit.

The developer shall not enter into a binding contract or agreement for the sale of any unit in a Condominium Project until

- (1) A copy of this Report has been given to the prospective purchaser,
- (2) The latter has been given an opportunity to read same, and,
- (3) His receipt taken therefor.

Issued: June 30, 1981
Expires: July 30, 1982

SPECIAL ATTENTION

A comprehensive reading of this report by prospective purchasers 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 ON JUNE 16, 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. OLOHANA TERRACE is a fee simple condominium conversion project consisting of sixteen (16) residential apartment units and eight (8) parking apartment units, built in accordance with floor plans and elevations filed with the Real Estate Commission of the State of Hawaii.
2. The Developer of the project has submitted to the Commission for examination all documents deemed necessary for the registration of a condominium conversion project and the issuance of this Final Public Report.
3. The Declaration of Horizontal Property Regime together with the By-Laws of the Association of Apartment Owners attached thereto, was filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 1071854. Approved floor plans and elevations have been filed in said Office of the Assistant Registrar as Condominium Map No. 458.
4. No advertising and promotional materials have been submitted to the Commission pursuant to its rules and regulations.
5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A of the Hawaii Revised Statutes, as amended, and the Rules and Regulations of the Hawaii Real Estate Commission which relate to Horizontal Property Regimes.
6. This Final Public Report automatically expires thirteen (13) months after date of issuance, June 30, 1981, unless a 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 Final Public Report is made a part of the registration of OLOHANA TERRACE. The Developer shall be responsible for placing this Final Public Report (white paper stock) and Disclosure Abstract in the hands of all purchasers and prospective purchasers and securing a signed copy of the receipt for the Final Public Report from each purchaser and prospective purchaser.

NAME OF PROJECT: OLOHANA TERRACE

LOCATION: The project is located at 427 Olohana Street, Waikiki, Island of Oahu, State of Hawaii, and consists of approximately 4,600 square feet.

TAX KEY: First Division, 2-6-16-17

ZONING: Apartment precinct, Waikiki Special Design District

DEVELOPER: 427 Associates, a registered Hawaii general partnership; 98-1608 Hapaki Street, Aiea, Hawaii 96701; Telephone: (808) 488-0500. The partners are: Robert Masao Gushiken and Arthur Takamoto, both of whose address is the same as that given for the partnership.

ATTORNEY REPRESENTING DEVELOPER: Carlsmith & Dwyer, Suite 1800, Pioneer Plaza, 900 Fort Street, Honolulu, Hawaii 96813 (Attention: Mitchell A. Imanaka or Charles Edward Pear, Jr.), Telephone No. 524-8000.

DESCRIPTION OF THE PROJECT:

A. Description of the Building. The property includes one (1) building, without basement, containing four (4) floors. The building is constructed primarily of concrete, glass, gypsum board and allied building materials.

The building contains a total of sixteen (16) residential apartments, and eight (8) parking apartments. The residential and parking apartments are herein sometimes referred to collectively as the "apartments". Each parking apartment contains an approximate floor area of 152 square feet.

B. Description of the Residential Apartments. Sixteen (16) residential apartments are designated in the spaces within the perimeter and party walls, windows, doors, floors and ceilings of each of said residential apartment units of the property, which spaces together with the appurtenant lanai air spaces are referred to herein as "residential apartments". The residential apartments are designated on said Condominium Map and described as follows:

(1) Residential Apartment Numbers and Location: Five residential apartments are located on each of the second through fourth floors of the building, and one residential apartment is located on the first floor of the building. Each residential apartment will have a three digit number, with the first number being the number of the floor on which the residential apartment is located, followed by a zero and the number indicating the number of the residential apartment on each floor. The residential apartments on the second floor of the building, for instance, will be numbered as follows: "201", "202", "203", "204" and "205". The residential apartment on the first floor will be numbered "105". The numbering of the residential apartments begins from that side of the building closest to Olohana Street. The apartment numbers and locations are more fully illustrated on the Condominium Map.

(2) Layout and Area of Individual Residential Apartments: Each of the residential apartments consists of one bedroom, one bathroom, living room, closet, kitchenette and a lanai, and has a total approximate area of 510 square feet including the lanai of approximately 68 square feet.

In accordance with local architectural practice, the approximate floor area of each residential apartment as set forth above includes all of the walls and partitions within

its perimeter walls, the entirety of its perimeter non-party walls, and the interior half of its perimeter party walls, whether load-bearing or non-load bearing. THE AREAS SHOWN ABOVE ARE APPROXIMATE ONLY, AND THE DEVELOPER MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE AREAS OF ANY PARTICULAR APARTMENT.

(3) Access to Common Elements: Each residential apartment has immediate access to the grounds of the property or to a concrete balcony leading to two (2) stairways, which stairways lead to the grounds of the property or common elements leading to the grounds of the property and to Olohana Street.

(4) Other Data Identifying and Defining the Residential Apartments: The respective residential apartments shall not be deemed to include the perimeter or party walls or the undecorated or unfinished surfaces thereof; the exterior surfaces of all perimeter walls, doors, door frames, windows and window frames; the interior load-bearing walls, awnings (if any), the unfinished floor and ceiling surrounding each apartment or any pipes, wires, conduits or other utility or service lines which are utilized for or serve more than one apartment, the same being common elements as hereinafter provided. Each residential apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter or party walls, the inner decorated or finished surfaces of all walls, floors and ceilings, doors and door frames, windows and window frames, the lanai air space, and all fixtures originally installed in the apartment.

C. Description of the Parking Apartments. Eight (8) parking apartments are designated in the spaces bounded by the main walls and demarcation lines, floor and ceiling of each of the eight (8) parking spaces located on the first floor of the building, which spaces are referred to herein as "parking apartments", and are designated on said Condominium Map and described as follows:

(1) Parking Apartment Numbers and Locations: Four parking apartments are located on the makai side of the building, and four parking apartments are located on the mauka side of the building. The parking apartments located on the mauka side of the building are numbered from one (1) to four (4) beginning with the parking apartment closest to Olohana Street, and the parking apartments located on the makai side of the building are numbered from five (5) to eight (8) beginning with the parking apartment closest to Olohana Street. The apartment numbers and locations are more fully illustrated on the Condominium Map.

(2) Layout and Area of Individual Parking Apartments: Each parking apartment has a basically rectangular floor space and contains an approximate floor area of 152 square feet.

(3) Access to Common Elements: Each parking apartment has immediate access to the grounds of the property or to common elements leading to the grounds and to Olohana Street.

(4) Other Data Identifying and Defining the Parking Apartments: The respective parking apartments shall not be deemed to include the demarcation lines or any load-bearing walls and columns, the unfinished floor and ceiling surrounding each apartment or any pipes, wires, conduits or other utility or service lines which are utilized for or serve more than one apartment, the same being common elements as hereinafter provided.

COMMON ELEMENTS: One freehold estate is designated in all of the remaining portions of the property, herein called the "common elements", including specifically but not limited to:

(1) Said land in fee simple;

(2) All structural components, such as foundations, columns, girders, beams, supports, main walls, roofs, halls, corridors, exterior stairs, stairways and fire escapes, entrances, exits, floor slabs, unfinished perimeter, party and load-bearing walls and ceilings, awnings and walkways of said building;

(3) All common spaces such as yards, gardens, planting areas, trash collection areas, all parking areas, demarcation lines, driveways and access lanes;

(4) All common premises for the use of janitors or other persons employed for operation of the property, if any;

(5) Installations for services such as pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant transmission facilities and installations over, under, or across the property which serve more than one apartment for services such as power, light, gas, water, sewage, telephone, air conditioning, radio and television signal distribution, if any;

(6) Any apparatus and installations existing for common use such as tanks, pumps, motors, fans, compressors, ducts, vents, and other such installations and apparatus; and

(7) All other parts of the property 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 the "limited common elements", are designated and set aside for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements as follows:

(1) The corridors, and all other areas (except stairways) on each of the second through fourth floors shall be limited common elements appurtenant to all the apartments located on each such floor;

(2) Each apartment shall have for its exclusive use the mailbox bearing the same number as such apartment.

INTEREST TO BE CONVEYED TO PURCHASER: Each apartment shall have appurtenant thereto an undivided percentage interest in all common elements of the property (herein called the "common

interest"), and the same proportionate share in all common profits and expenses of the property and for all other purposes, including voting, as follows:

<u>Residential Apartment Nos.</u>	<u>Common Interest</u>
105, 201, 202, 203, 204, 205, 301, 302, 303, 304, 305, 401, 402, 403, 404 and 405	5.75
<u>Parking Apartment Nos.</u>	<u>Common Interest</u>
1, 2, 3, 4, 5, 6, 7 and 8	1

EASEMENTS: The apartments and common elements, including limited common elements, shall have and be subject to the following easements:

A. Each apartment shall have appurtenant thereto non-exclusive easements in the common elements designed for such purposes as ingress to, egress from, utility services for and support, maintenance and repair of such apartment, and shall also have the right to use the other common elements (subject, however, to the exclusive or limited use of the limited common elements) in accordance with the purpose for which they are intended without hindering or encroaching upon the lawful rights of the other apartment owners.

B. In the case of encroachments of common elements upon any apartment or limited common elements, or in the case of encroachments of limited common elements or any apartment upon the common elements or any other apartments or limited common elements, a valid easement for such encroachment and maintenance thereof shall and does exist for so long as such encroachment continues. In the event the building of the property shall be partially or totally destroyed and then rebuilt, or in the event of any shifting, settlement or movement of any portion of the property, encroachments upon any part of the common elements or apartment or limited common elements due to the same shall be permitted, and a valid easement for such encroachment and the maintenance thereof shall and does exist for so long as such encroachment continues.

C. The apartment owners shall have the irrevocable right, to be exercised by the Board of Directors, to have access to each apartment and any limited common element from time to time during reasonable hours as may be necessary for the operation of the property, or as may be necessary to repair and/or maintain any limited common element, or at any time for making emergency repairs therein necessary to prevent damage to the common elements or to another apartment or apartments.

D. The Developer shall have the right to conduct extensive sales activities on the property until the earlier to occur of (a) forty-eight (48) months from the date of the filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii of the first apartment deed conveying an apartment in the property, or (b) the closing of the sale of the last unsold apartment in the property. In the event that the Declarant is unable to sell all of the

apartments within the forty-eight (48) month period, the Declarant shall have the right to conduct sales activities on the property until the closing of the sale of the last unsold apartment in the property provided that such sales activities are conducted in an unobtrusive manner which will not unreasonably interfere with the use, possession and aesthetic enjoyment of the property by the other apartment owners.

E. The Developer, its agents, employees, contractors, licensees, successors and assigns shall have an easement over and upon the property as may be reasonably necessary for the completion of improvements to and correction of defects in the property. Such easement shall terminate twenty-four (24) months from the date of the filing in the Office of the Assistant Registrar of the Land Court of the first apartment deed, provided that such period shall be extended for such additional period (not to exceed twenty-four (24) months) as may be reasonably necessary for the completion of such improvements in the exercise of due diligence or such additional period as may become necessary if such completion is delayed by reason of force majeure.

PURPOSES OF AND RESTRICTIONS ON USE OF BUILDINGS AND INDIVIDUAL APARTMENTS: Except when the holder of the first mortgage on an apartment has entered into possession of the apartment following (i) a default under its first mortgage, (ii) a foreclosure proceeding, or (iii) a conveyance in lieu of foreclosure, the residential apartments shall be occupied and used only as residential dwellings, but such apartments may be leased or rented from time to time to transients. The parking apartments may be used only as a parking space for a motor vehicle. The Association shall have the power to enact resolutions, rules and regulations, and have the power to amend and repeal the same from time to time, reasonably restricting and regulating the use of the apartments and the common elements; provided, that any such resolutions, rules or regulations shall be consistent with the terms of the Declaration, and the By-Laws.

The owners of the respective apartments shall have the absolute right to sell, lease, rent or otherwise transfer such apartments subject to all provisions of the Horizontal Property Act, the Declaration and the By-Laws attached thereto; provided, however, that no apartment owner may sell, lease, rent or otherwise transfer less than the entire apartment.

No apartment owner shall use his apartment or appurtenant limited common elements for any purpose which will injure the reputation of the property, or suffer anything to be done or kept in his apartment or elsewhere on the property which will (a) jeopardize the soundness of the property, or (b) interfere with or unreasonably disturb the rights of other owners and occupants, or (c) obstruct the corridors or stairways of the building, or (d) reduce the value of the property, or (e) increase the rate (unless such owner pays such increase) or result in the cancellation of fire insurance on the residential apartments as a group or the contents thereof, or the parking apartments as a group.

NOTE: In the event any person, including the Developer, desires to sell any time share interest in any apartment in the project, such person(s) will have to fully comply with the

provisions of Chapter 514-E of the Hawaii Revised Statutes and any rules and regulations promulgated thereunder prior to selling any such time share interest.

The House Rules provide, among other things, that occupancy is limited to no more than two persons in each apartment, excluding children under age of five (5), except that in no event and under no circumstances shall the number of occupants in each apartment exceed three (3), inclusive of children under the age of five (5).

OWNERSHIP OF TITLE: A Preliminary Title Report issued by Long & Melone, Ltd., dated May 16, 1981, reflects that fee simple title to the land is held in the name of the developer, 427 Associates, a Hawaii partnership.

ENCUMBRANCES AGAINST TITLE: The Preliminary Title Report issued by Long & Melone, Ltd., dated May 16, 1981, states that title to the land is subject to the following encumbrances:

1. Real property taxes - for further information check with the Tax Assessor, County of Honolulu, on Tax Map Key 2-6-16-17 (Taxes for the Fiscal Year 1980-1981 have been paid in full).
2. Title to all minerals and metallic mines reserved to the State of Hawaii.

As to Lot 118-A only, subject to a Grant of Easement dated August 12, 1960 for vault purposes in favor of Hawaiian Electric Company, Inc. filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 261785. Said easement is located within the Southeast corner of said Lot 118-A.

As to Lots 177 and 178 only, subject to the following:

1. Easement as shown on Map 54, filed with Land Court Application Nos. 537 and 550 for utility purposes over, across and through said Lots 177 and 178.
2. Any and all existing easements in favor of the City and County of Honolulu for sewer purposes and water purposes (Board of Water Supply); Hawaiian Electric Company, Inc. for electric lines and facilities; the Hawaiian Telephone Company, for telephone lines and facilities; and GASCO, for gas lines and facilities, together with the right of vehicular and pedestrian ingress and egress through and across the above-described land to be used in common with the Grantee, his heirs, and assigns for all purposes in connection with the rights hereby reserved and excepted, as set forth in Deed dated July 14, 1975, filed as Land Court Document No. 728904.
3. Reservation and Covenants contained in Deed dated July 14, 1975 by and between the City and County of Honolulu, as Grantor, and Thelma Tenn, unmarried, et al, as Grantee, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Land Court Document No. 728904, as follows:

RESERVATION

Reserving and excepting therefrom unto the Grantor, its successors and assigns, the right to construct, install, maintain and repair sewers, water pipeline or pipelines and appurtenant equipment and facilities, and to properly measure and control water conveyed through such water pipeline or pipelines, and subject to the right of the Hawaiian Electric Company, Inc., the Hawaiian Telephone Company, and GASCO, their respective successors and assigns, to construct, install, maintain and repair electric lines, telephone lines, gas lines and appurtenant equipment and facilities; all of which rights shall, however, be subject to the right of the Grantees to construct a building or portion of a building above the surface of said land, subject to applicable laws, ordinances, or rules and regulations having the effect of law, provided, and so long as a clearance of at least 14 feet above the surface of the said land shall be forever maintained; and further, reserving and excepting therefrom unto the Grantor and the aforesaid public utility companies, their respective successors and assigns, ownership of the respective pipeline or pipelines, electric lines, telephone lines, gas lines and appurtenant equipment and facilities; provided, however, that such easements or access rights shall cease and determine upon abandonment or non-use by the respective users for a continuous period of one year.

COVENANTS

- A. The herein conveyed land shall not be used, built upon, sold, or in any manner conveyed unless consolidated with the Grantee's adjacent land.
 - B. No building foundation of any kind shall be constructed below the surface of the herein conveyed land and no building or structure of any kind other than roads, walks, curbs, or appurtenances thereof shall be constructed unless it will not interfere with any existing water and/or sewer pipeline or pipelines, meters, manholes, electric lines, telephone lines, gas lines, or other equipment of the Grantor, the Hawaiian Telephone Company, the Hawaiian Electric Company, Inc., and GASCO, and unless the same shall provide the hereinbefore mentioned clearance above the surface of the herein conveyed land.
 - C. No cross fencing shall be permitted unless gates are installed thereon and kept unlocked at all times.
 - D. The foregoing covenants shall be deemed to be real covenants at law and shall bind and run with the herein conveyed land.
4. Mortgage dated December 26, 1980, by and between 427 Associates, a Hawaii general partnership, as Mortgagor, and Hawaii Thrift & Loan, Incorporated, as Mortgagee, filed as Land Court Document No. 1050225.

5. Second Mortgage, Security Agreement and Financing Statement dated December 29, 1980, by and between 427 Associates, a Hawaii general partnership, as Mortgagor, and Edmund Thomas Mitchell and Sarah Yoneko Mitchell, as Mortgagee, filed as Land Court Document No. 1050226.

The above mortgages will be released with respect to any apartment conveyed by the developer, prior to such conveyance.

PURCHASE MONEY HANDLING: A specimen Condominium Deposit Receipt and Sales Agreement (hereinafter called "Sales Agreement") and the Escrow Agreement have been submitted to the Real Estate Commission as part of the registration. The executed Escrow Agreement dated March 16, 1981 identifies Aloha Title Co., Inc. as the escrow agent. Upon examination, the specimen Sales Agreement and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended. The provisions of the Sales Agreement and the executed Escrow Agreement should be carefully read by the purchasers. The specimen Sales Agreement filed as a part of the registration recites the conditions under which the purchaser acknowledges receipt of the Public Report.

Among other provisions, the Escrow Agreement provides that the purchaser shall be entitled to a refund of his funds if (a) seller asks Escrow to refund the purchaser's funds or (b) seller notifies Escrow of seller's rescission of the Sales Agreement.

Among other provisions, the specimen Sales Agreement provides that:

(1) The Seller makes no warranties, express or implied, with respect to the apartment, the property, the project, or consumer products installed or contained in any of them, including but not limited to warranties of merchantability, habitability, workmanlike construction or fitness for a particular use. The existence of any defect in the property shall not excuse the purchaser's obligation to perform all of his obligations under the Sales Agreement, it being understood that the property is being sold in its present condition, "as is," without any warranties.

(2) The seller may cancel the Sales Agreement and hold the purchaser in default if any material discrepancies are discovered between the financial information furnished by the purchaser and the purchaser's actual financial status. Seller may also cancel if the purchaser's application or eligibility for a mortgage loan is rejected or not given unqualified approval within sixty (60) days after application, or, in the instance where Seller is required to offer apartments to prospective owner-occupants pursuant to Section 514A-105 H.R.S., within thirty (30) days after application. If purchaser proposes to pay the purchase price in cash and seller, in its sole discretion, after reviewing the written evidence submitted to it by purchaser, determines that seller is not satisfied as to purchaser's ability to make such cash payments, then seller may cancel the Sales Agreement. Seller may also cancel the Sales Agreement if the purchaser should die.

(3) If by December 31, 1981, less than 9 residential apartments in the project have been sold to qualified purchasers, seller, at its option, may cancel the Sales Agreement upon written notice to purchaser, in which event all sums paid by purchaser under the Sales Agreement shall be refunded to purchaser, without interest, and after deducting the escrow cancellation fee of not less than \$25 or more than \$150 and the items specified in Article IV, Section B.2(b) of the Sales Agreement.

(4) The seller's mortgage loan (interim, renewals and extensions, used for acquiring the land, renovating the project, and associated costs) shall be and remain at all times a lien or charge on the project, including the individual apartments prior to and superior to any and all other liens or charges on the project, and purchasers intentionally waive, relinquish and subordinate the priority or superiority of any lien or other legal or equitable interest they may have under the Sales Agreement in favor of the lien or charge on the project of the security interest of the lender. The purchasers also consent to the assignment for security of seller's interest in the Sales Agreement and purchasers' escrow deposits to lender. The purchasers also irrevocably appoint the Managing Agent to receive and accept service of process on behalf of the purchasers.

(5) The seller makes no representations with respect to the possibility or probability of rental or other income from the apartment or other economical benefits to be derived from the rental of the apartment, including but not limited to, any representations to the effect that seller or the Managing Agent of the project or a third party will provide services relating to the rental or sale of the apartment nor representations as to possible advantages from the rental of the apartment under federal or state tax laws. If purchaser wishes to rent the apartment to third persons, purchaser must make his own arrangements. Purchaser further agrees and acknowledges that in the event that the offer to sell and the purchase of the apartment or the activities of purchaser with respect to the apartment are determined to be or alleged to give rise to any violation of any federal or state securities laws or regulations, and seller may in addition pursue any other remedies and purchaser shall pay the seller's costs and attorneys' fees in connection therewith. In the event that the purchaser or anyone claiming by or through him or his apartment alleges that the offer to sell or the purchase of the apartment gives rise to any violation of federal or state disclosure laws or regulations, the purchaser covenants not to sue for any remedy other than to sue for a refund of the purchase price and actual closing costs plus interest at 8% per annum from the date of closing to the date of repayment. The purchaser agrees to absorb any additional charges incurred with respect to the apartment as the reasonable use value of the apartment. The terms of this paragraph will survive the closing, occupancy, and delivery of the apartment deed to the purchaser.

(6) The purchaser will pay all closing costs, including but not limited to, the escrow fee, conveyance taxes, all acknowledgment fees, all appraisal fees, all recording costs, charges for purchaser's credit report, costs for drafting of the mortgage and notes, and any assignment thereof, and costs

for any title insurance. All applicable mortgage costs shall be paid by purchaser, and purchaser shall pay the nonrefundable start-up fee for commencement of the operations of the project by the Managing Agent and the Association of Apartment Owners. Real property taxes, maintenance costs and other prorations shall be made, and risk of loss shall transfer from seller to purchaser on the scheduled Closing Date as defined in the specimen Sales Agreement. Purchaser shall execute all documents necessary for closing and deposit with escrow all funds other than proceeds of purchaser's first mortgage loan within ten (10) days after receiving written notice to pre-close. Pre-closing may commence at any time after the effective date of the Sales Agreement.

(7) Upon the issuance of a separate certificate of title for any apartment sold, the purchaser shall agree and direct that the seller shall take possession of the "Owner's duplicate certificate" as Owner's "attorney duly authorized" (as those terms are used in Section 501-75, HRS) and upon delivery of possession of the apartment to the purchaser, the seller shall deposit such certificates with the Board of Directors through the Managing Agent, who shall keep all Owner's duplicate certificates in a safe place; provided that (a) the seller or the Board of Directors and the Managing Agent shall surrender or make available the Owner's duplicate certificate upon request from the owner thereof for the purpose of having any conveyance or encumbrance noted thereon, on condition that such Owner's duplicate certificate, or any Owner's duplicate certificate issued in the place thereof, shall be redelivered to the seller or the Board of Directors promptly after any necessary processing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, (b) the seller or the Board of Directors may deliver any Owner's duplicate certificate covering any apartment and appurtenant common interest to any first mortgagee of such apartment and appurtenant common interest which may require that it have possession of the Owner's duplicate certificate, on condition that such mortgagee shall promptly surrender such Owner's duplicate certificate to the seller or the Board of Directors, without further instruction or authorization from the owner, if presentation of such Owner's duplicate certificate shall be required by the seller or the Board of Directors in order to permit amendment to the Condominium Map for the property, the designation of any easement, the filing of any grant of easement, or the filing of any other instrument authorized hereunder, or in the Declaration or By-laws or apartment deed to the owner's apartment, (c) the seller or the Board of Directors, without further authorization from the owner, may (and shall at the request of the seller) present such Owner's duplicate certificate of title to the Office of the Assistant Registrar of the Land Court of the State of Hawaii whenever it may be appropriate to note thereon the filing of an amendment to the Declaration, the By-Laws, or the Condominium Map for the property, or any designation or grant of easement authorized under the Declaration or By-Laws or under the apartment deeds to the owners' apartments, or the filing of any other document incident to the exercise of any reserved right to the seller or under any such document.

Note: The Escrow Agreement provides, among other things, that disbursement of purchasers funds and proceeds from the sale of

apartments held in escrow shall, upon the written request of the Seller, be used from time to time to pay for renovation costs in proportion to the valuation of the work completed by the contractor, as certified by a registered architect or professional engineer, and approved by the mortgagee.

It is incumbent upon purchasers and prospective purchasers that they read with care the specimen Sales Agreement and the executed Escrow Agreement. The Escrow Agreement establishes how the proceeds from the sale of the condominium apartments are placed in trust, as well as the retention and disbursement of funds.

MANAGEMENT AND OPERATION: The By-Laws provide that the operation of the project shall be conducted for the Association of Apartment Owners by a responsible corporate Managing Agent. The Managing Agent shall be appointed by the Association, in accordance with the By-Laws, except that the Managing Agent for the initial period following the date of the organization of the Association of Apartment Owners may be appointed by the Developer without necessity of confirmation by the Association. The Developer advises that Hawaiian Certified Property Management, Inc., whose principal place of business and post office address is Suite 1250, 900 Fort Street, Honolulu, Hawaii 96813, has been selected as the initial Managing Agent.

LAND TRUST: In the event title to any apartment and its appurtenant common interest is transferred to a trustee under a land title holding trust under which substantially all powers of management, operation and control of the apartment remain vested in the trust beneficiary or beneficiaries, the trust estate and the beneficiaries thereunder from time to time shall be liable for and shall pay all common expenses and all other charges, costs and expenses assessed against such apartment or the owner thereof pursuant to the Declaration, the By-Laws, the Rules and Regulations (House Rules) or the Horizontal Property Act. No claim for payment of common expenses or other charges, costs or expenses shall be made against any such trustee personally and the trustee shall not be obligated to sequester funds or trust property to apply in whole or in part against any such lien or assessment, but the amount thereof shall constitute a lien on the apartment as provided in the Declaration, the By-Laws, and the Horizontal Property Act, notwithstanding any transfer of beneficial interest under such trust.

STATUS OF THE PROJECT: The Developer advises that the project is presently completed, a certificate of occupancy having been issued on July 1, 1968. There is on file with the Real Estate Commission a statement by ROY H. TANJI, Director and Building Superintendent of Building Department, City and County of Honolulu, that the project is in compliance with all ordinances, codes, rules, regulations, and other requirements in force at the time of its construction and that no variances or special permits were granted to allow deviations from applicable codes. As to the condition of the building, the Developer reports, based solely on the findings of a structural engineer, mechanical engineer and electrical engineer, the following:

Structural: As of May 13, 1981, there is no evidence of any major structural problems which may cause the building to be unsafe or unsound.

Mechanical: As of May 6, 1981 mechanical installations including water faucets, plumbing, water heaters and other mechanical parts are not mechanically deficient and the same are good and sound condition.

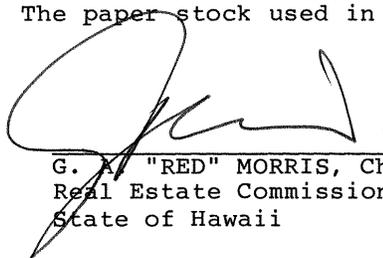
Electrical: As of May 6, 1981 electrical components, including electrical receptacles and breakers are adequate and no problems exists with respect to electrical installations which may cause the same to be unsafe or unsound.

The Developer has also submitted an architect's certificate, certifying that the floor plans and elevations of the building as shown in the Condominium Map filed by the Developer with the Real Estate Commission is an accurate copy on file and approved by the City and County, and accurately depicts the layout, location, apartment numbers and dimensions of the apartments as built.

The purchaser or respective purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the Notice of Intention submitted on June 16, 1981.

This FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of Registration No. 1434 filed with the Commission on June 16, 1981.

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

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June 30, 1981