

REAL ESTATE COMMISSION
PROFESSIONAL & VOCATIONAL LICENSING DIVISION
DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS
STATE OF HAWAII
1010 RICHARDS STREET
P. O. BOX 3469
HONOLULU, HAWAII 96801

FINAL
HORIZONTAL PROPERTY REGIMES (CONDOMINIUM)
PUBLIC REPORT

ON
KINAU TERRACE
1032 KINAU Street
Honolulu, Hawaii

REGISTRATION NO. 1505

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: May 15, 1985
Expires: June 15, 1986

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 and prospective purchaser is particularly directed to the following:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED JUNE 10, 1982, AND INFORMATION SUBSEQUENTLY SUBMITTED AS OF MAY 10, 1985. THE DEVELOPER, IN 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. Since the issuance of the Commission's Preliminary Public Report of August 25, 1982 on KINAU TERRACE, Registration No. 1505, the Developer reports that changes have been made to the Project. This Final Public Report amends the Preliminary Public Report becoming a part of the KINAU TERRACE registration.

2. The Developer of the Project has submitted to the Commission all documents deemed necessary by the Commission for the registration of a condominium project and the issuance of this Final Public Report.
3. The Developer reports that the Declaration of Horizontal Property Regime dated December 11, 1984 and the Bylaws of the Association of Apartment Owners dated December 11, 1984, have been recorded in the Bureau of Conveyances of the State of Hawaii in Book 18356, at Page 488 and in Book 18356, at Page 508, respectively. The approved floor plans have also been filed as aforesaid and designated as Condominium Map No. 937.
4. No advertising or promotional matter have 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 Rules and Regulations of the Hawaii Real Estate Commission which relate to horizontal property regimes.
6. This Final Public Report expires thirteen (13) months after the date of issuance, May 15, 1985, unless a Supplementary Public Report issues, or the Commission, upon review of the registration, issues an order extending the effective date of this report.
7. This Final Public Report is made a part of the registration of the KINAU TERRACE condominium project. The Developer has the responsibility of placing a true copy of this Final Public Report (white paper stock) together with the Preliminary Public Report (yellow paper stock), and the Amended Disclosure Abstract in the hands of all purchasers and prospective purchasers and securing a signed copy of the receipt therefor.

The information in the topical headings DEVELOPER, LIMITED COMMON ELEMENTS OWNERSHIP OF TITLE, ENCUMBRANCES, PURCHASE MONEY HANDLING and MANAGEMENT AND OPERATION have been altered as follows. Information disclosed in the remaining topical headings has not been disturbed.

DEVELOPER: HFSL CORP., a Hawaii corporation, with its principal place of business and post office address at 188 Merchant Street, Honolulu, Hawaii 96813 (telephone: (808) 546-8587). The officers and directors of the Developer are: William Mendel Borthwick, Jr., President/Director; Michael A. Arashiro, Vice President; Gary H. Okimoto, Secretary; Kenneth S. Fujinaka, Treasurer; William M. Swope, Director; and Harvey Wilson, Director.

LIMITED COMMON ELEMENTS: Each apartment has been assigned two (2) parking stalls which are limited common elements

appurtenant to the apartment to which they have been assigned. The parking stalls assigned to apartment numbers 601, 602, 701, 702, PH I and PH II have been changed. The parking stalls appurtenant to each apartment in the Project are set forth in the Exhibit appended hereto.

Additionally, one mailbox bearing the number corresponding to the number of an apartment shall be appurtenant to and for the exclusive use of the apartment having such number.

OWNERSHIP OF TITLE: A Title Policy, dated December 27, 1984, issued by Long & Melone, Ltd. states that the Developer has acquired from Honofed Development Corp., a Hawaii corporation, fee simple title to the land by Deed dated December 10, 1984, recorded in the Bureau of Conveyances of the State of Hawaii in Book 18326, at Page 566.

ENCUMBRANCES: Said Title Policy states that title to the property is subject to the following encumbrances:

1. For any taxes that may be due and owing, reference is made to the Office of the Finance Director, City and County of Honolulu.

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

3. Declaration of Restrictive Covenants, dated August 19, 1981, recorded in the Bureau of Conveyances of the State of Hawaii in Book 17035, at Page 14.

4. Additional Security Mortgage, dated December 21, 1984 between the Developer and First Hawaiian Bank, recorded in the Bureau of Conveyances of the State of Hawaii in Book 18351, at Page 291.

5. Financing Statement, dated December 27, 1984, between the Developer and First Hawaiian Bank, recorded in the Bureau of Conveyances in Book 18351, at Page 336.

6. Declaration of Horizontal Property Regime of Kinau Terrace, dated December 11, 1984, recorded in the Bureau of Conveyances of the State of Hawaii in Book 18356, at Page 488, and Bylaws of the Association of Apartment Owners of Kinau Terrace, dated December 11, 1984, recorded as aforesaid in Book 18356, at Page 508. Condominium Map designated as No. 937.

PURCHASE MONEY HANDLING: All information under this topical heading in the Preliminary Public Report has been amended in its entirety. The specimen copy of the Kinau Terrace Deposit Receipt and Sales Contract (the "Sales Contract") has been replaced by the Hawaii Association of Realtors standard form Deposit Receipt, Offer and Acceptance, together with an addendum thereto (the "Amended Sales Contract"). A specimen copy of the Amended Sales Contract has been submitted as part of the Registration. The escrow agreement, dated May 10, 1982, has been cancelled and replaced by an escrow agreement dated December 14, 1984 (the "New Escrow Agreement"). An executed copy of the New Escrow Agreement has been submitted as part of this Registration.

The New Escrow Agreement identifies Title Guaranty Escrow Services, Inc. as "Escrow". Upon examination, the Amended Sales Contract and the New Escrow Agreement is found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended. A prospective purchaser should carefully examine the form of the Amended Sales Contract and the New Escrow Agreement to determine the time for and the amount of the installment payments on the purchase price and his obligations to pay the closing costs. It is incumbent upon the purchaser to read and understand the New Escrow Agreement before signing the Amended Sales Contract since the New Escrow Agreement prescribes the procedure for receiving and disbursing the purchaser's downpayments and the Amended Sales Contract provides that the purchaser approves the New Escrow Agreement.

Among other provisions, the Escrow Agreement provides that a purchaser shall be entitled to a return of his funds, and Escrow shall pay such funds to such purchaser, and upon the terms and conditions provided for in the Sales Contract, if any one of the following has occurred:

(a) The Developer and the purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held under the Escrow Agreement by Escrow; or

(b) The Developer shall have notified Escrow of the Developer's exercise of the option to cancel or rescind the Sales Contract pursuant to any right of cancellation or rescission provided therein or otherwise available to the Developer; or

(c) The Developer and the purchaser shall have requested Escrow in writing to return to the purchaser the funds of the purchaser held under the Escrow Agreement by Escrow because:

(1) The purchaser has been unable to obtain adequate financing or a commitment for adequate financing, for the purchase of his apartment unit, within thirty (30) calendar days following the end of the ten (10) day calendar period during which the Developer is limited to selling to owner-occupants, as required by Chapter 514A, Part VI, Hawaii Revised Statutes, or

(2) The purchaser desires to cancel the Sales Contract because of hardship circumstances such as those set forth in Section 514A-104(1), Hawaii Revised Statutes, or because the purchaser indicates an intent not to become an owner-occupant of the apartment unit covered by the Sales Contract.

In any of the foregoing events, Escrow shall, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee to Escrow of not less than \$25.00 per apartment or a cancellation fee commensurate with the work done by Escrow prior to such cancellation, whichever fee is greater) and thereupon the Sales Contract and any Apartment Deed theretofore delivered to Escrow shall be returned and shall be deemed no longer held under the Escrow Agreement; provided, however, that no refund shall be made

to a purchaser at purchaser's request prior to receipt by the Developer of written notice from Escrow of its intent to make such refund.

Notwithstanding the foregoing, no refund will be made to a purchaser in the event of a cancellation of a Sales Contract which results from a default by such purchaser.

The Amended Sales Contract, among other things, contains acknowledgments by each purchaser: (i) that the Developer will not sponsor, arrange or promote any program for the rental or temporary use and occupancy of apartments in the Project other than apartments owned by the Developer upon completion of the Project, if any; (ii) that the purchaser must make any such arrangements for his apartment, if desired, without the involvement or participation of the Developer; (iii) that the Developer has authorized no agents, salesmen or brokers to make any representations as to rental or other income from any apartment or any other economic benefit, including possible advantages from the ownership of an apartment under federal or state tax laws, to be derived from the purchase of an apartment in the Project; (iv) that the purchaser acknowledges that no such representations or warranties have been made and that the Developer expressly disclaims and repudiates any representation from any source as to any possible economic benefit arising from ownership of an apartment in the Project; (v) that the Project and the apartment and anything installed or contained therein are being sold on an "as is" basis, without any warranties, express or implied; and (vi) that the apartments in the Project may currently be occupied by tenants, and that it is the responsibility of the purchaser and not the Developer to evict any tenants in the purchaser's apartment.

MANAGEMENT AND OPERATION: The initial managing agent of the Project is D. M. Carter and Associates, Inc., whose principal place of business and post office address is 715 South King Street, Suite 416, Honolulu, Hawaii 96813.

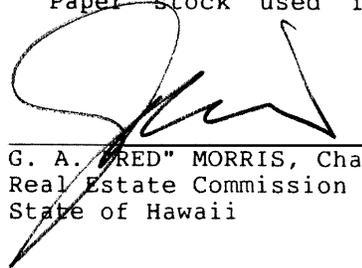
STATUS OF PROJECT: The building has been used as an apartment rental operation since completion of its construction in June, 1983.

NOTE: Several provisions in the Declaration and the Bylaws have been amended to reflect the 1984 legislative changes to the Horizontal Property Regimes Act, Chapter 514A, Hawaii Revised Statutes.

The purchaser and prospective purchasers should be cognizant of the fact that this Public Report represents information disclosed by the Developer in the required Notice of Intention submitted May 20, 1984, and additional information subsequently submitted as of May 10, 1985.

This FINAL HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1505 filed with the Commission on May 20, 1982.

The report, when reproduced, shall be a true copy of the Commission's Public Report. Paper stock used in making facsimiles must be white.



A handwritten signature in black ink, appearing to read 'G. A. MORRIS', is written over a horizontal line. The signature is stylized and somewhat cursive.

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

Distribution:

Department of Finance,
City and County of Honolulu
Bureau of Conveyances
Planning Department,
City and County of Honolulu
Escrow Agent
Federal Housing Administration

Registration No. 1505

May 15, 1985