

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

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 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: August 25, 1982

Expires: September 25, 1983

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 FILED AS OF AUGUST 16, 1982. THE DEVELOPER, IN NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL AND SUBMITTING INFORMATION ON THE PROJECT, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. KINAU TERRACE is a proposed fee simple condominium project consisting of 12 residential apartments in a nine-story building with 24 covered parking stalls.
2. The Developer of the Project has submitted to the Commission for its examination all documents deemed necessary for the registration of the condominium project and the issuance of this Preliminary Public Report.

3. The basic documents (Declaration of Horizontal Property Regime, the Bylaws of the Association of Apartment Owners and the Condominium Map) have not been recorded in the Bureau of Conveyances of the State of Hawaii.
4. No advertising or promotional materials 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 Preliminary Public Report expires thirteen (13) months after issuance, August 25, 1982 unless a Final or Supplementary Public Report issues, or the Commission, upon review of the registration, issues an order extending the effective date of this report.
7. This Preliminary Public Report is part of the registration of KINAU TERRACE. The Developer has the responsibility of placing a true copy of this Preliminary Public Report (yellow paper stock) and Disclosure Abstract in the hands of all purchasers and securing a signed copy of the receipt therefor.

NAME OF PROJECT: KINAU TERRACE

LOCATION: The Project is located at 1032 Kinau Street, Honolulu, Hawaii and has a land area of approximately 8,047 square feet.

TAX KEY: 2-4-13:73 (1st Tax Division-City and County of Honolulu).

ZONING: Apartment District (A-4) under the Ordinances of the City and County of Honolulu.

DEVELOPER: HONOFED DEVELOPMENT CORP., a Hawaii corporation, whose principal place of business and post office address is 188 Merchant Street, Honolulu, Hawaii 96813 (telephone: (808) 546-8580). The officers of the corporation are: Harvey A. Wilson, Jr., President; Michael A. Arashiro, Vice President; Ian A. MacDonald, Secretary; Kenneth S. Fujinaka, Treasurer.

ATTORNEY REPRESENTING DEVELOPER: Cades Schutte Fleming & Wright (Attention: Stanley M. Kuriyama), Suite 1100, 1000 Bishop Street, P. O. Box 939, Honolulu, Hawaii 96808 (telephone: (808) 521-9200).

DESCRIPTION OF PROJECT: The proposed Project contains 12 residential apartments in a nine-story building with 24 parking stalls, 4 of which are for compact cars. The building is constructed of concrete masonry exterior walls, with concrete floor slabs and other allied building materials. The 12 residential apartments are based on 3 models and are numbered on each floor of the building as follows:

<u>Floor</u>	<u>Apartment Nos.</u>
3rd	301, 302
4th	401, 402
5th	501, 502
6th	601, 602
7th	701, 702
8th	PH 2
9th	PH 1

Apartment Nos. 301, 401, 501, 601 and 701 are Model A apartments. Each Model A apartment consists of 2 bedrooms, 2 baths, a living/dining area, a kitchen and an entry area. Model A apartments are oriented toward the sea ("makai"), and located closest to Kinau Street.

Apartment Nos. 302, 402, 502, 602 and 702 are Model B apartments. Each Model B apartment consists of 2 bedrooms, 2 baths, a living/dining area, a kitchen and an entry area. Model B apartments are oriented toward the mountains ("mauka"), and are located farthest from Kinau Street.

Apartment Nos. PH 1 and PH 2 are Model C apartments. Each Model C apartment consists of 3 bedrooms, 2 baths, a living/dining area, a kitchen, a family room with kitchenette, a storage room, and entry and foyer areas.

Each apartment has been assigned 2 parking stalls which are limited common elements appurtenant to the apartment to which they have been assigned. The parking stalls are numbered on each floor of the building as follows:

<u>Floor</u>	<u>Parking Stall Nos.</u>
1st	1 - 12
2nd	13 - 24

Also, the location of each parking stall is shown on the Condominium File Plan.

Parking stall nos. 4, 5, 16 and 17 are compact size stalls, and the remaining stalls are regular size stalls. All parking stalls are covered.

Each apartment has immediate access to a lobby. All lobbies are common elements. Access between floors from

the lobbies to the Project grounds and the the parking stalls is provided by an elevator and a stairwell. The elevator and the stairwell are common elements.

All apartments are furnished with a refrigerator, dishwasher, disposal, washer/dryer, water heater and carpeting or floor tiling. Model A and Model C apartments are furnished with a combination microwave/range unit. Model B apartments are furnished with a separate electric range and microwave unit. Model C apartments are also furnished with a kitchenette in the family room.

The apartment numbers, apartment models, net living area of each apartment, percentage of common interest appurtenant to each apartment and parking stalls assigned to each apartment are set forth in Exhibit A attached hereto.

Each apartment shall be deemed to include: (i) any adjacent foyer to which such apartment has direct, exclusive access, (ii) all the walls and partitions which are not load-bearing within its perimeter walls, (iii) the inner decorated or finished surfaces of all walls, floors and ceilings, (iv) any doors, windows or panels along the perimeters, and (v) all fixtures originally installed therein. The respective apartments shall not be deemed to include: (a) the undecorated or unfinished surfaces of the perimeter walls, interior load-bearing walls or party walls, (b) the undecorated or unfinished surfaces of the floors and ceilings surrounding each apartment, or (c) any pipes, shafts, wires, conduits or other utility or service lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements as hereinafter provided.

COMMON ELEMENTS: The common elements will include the limited common elements described below, and all portions of the Project, other than the apartments, including, but not limited to:

(a) All of the land in fee simple.

(b) All foundations, columns, girders, beams, supports, perimeter walls, load-bearing walls, roofs, lobbies, stairs, stairways, elevators, ducts, pumps, pipes, wires, conduits, and generally all equipment, apparatus, installations and personal property existing for common use in the buildings or located on the Project lands.

(c) All driveways and other common ways, landscaping, recreational facilities, yards, fences, retaining walls, trash, equipment, electrical and transformer vault rooms, mail box areas, trash chutes, accessory equipment and parking areas situate on the Project lands.

LIMITED COMMON ELEMENTS: Each apartment shall have appurtenant thereto exclusive easements for the use of two assigned parking stalls as designated on Exhibit A attached hereto.

PERCENTAGE OF UNDIVIDED OWNERSHIP TO BE CONVEYED: Each apartment shall have an undivided percentage interest in the common elements of the Project as set forth in Exhibit A attached hereto and the same percentage in all common profits and expenses of the Project and for all other purposes, including voting. Interests in each apartment will be transferred by the Developer to each buyer under an apartment Deed, consisting of a deed of the improvements comprising the particular apartment, and an undivided percentage interest in the common elements, inclusive of the land.

The percentage of common interest appurtenant to each apartment is based upon the approximate net living area of each apartment and shall be valid and effective whether or not the Developer's calculations of such interest are accurate or mathematically correct.

PURPOSE OF BUILDINGS AND RESTRICTIONS AS TO USE: Each apartment shall be occupied and used only for residential purposes and no apartment shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade or profession whatsoever. The respective apartments shall not be rented by the Owners thereof for transient or hotel purposes, which shall be defined as (i) rental for any period less than thirty days, or (ii) any rental in which the occupants of the apartment are provided customary hotel services, such as room service for food and beverage, maid service, furnishing of laundry and linen, and bellboy service. Neither the apartments nor any interest therein shall be sold, transferred, conveyed, leased, occupied, rented or used for or in connection with any time-sharing purpose or under any time-sharing plan, arrangement or program, including without limitation any so-called "vacation license", "travel club membership" or "time-interval ownership" arrangement. The term "time-sharing" as used herein shall be deemed to include, but is not limited to, any plan, program or arrangement under which the right to use, occupy, own or possess an apartment or apartments in the Project rotates among various persons on a periodically recurring basis according to a fixed or floating interval or period of time, whether by way of deed, lease, association or club membership, license, rental or use agreement, co-tenancy agreement, partnership or otherwise.

The House Rules state in part: (1) A dog or cat may be kept and maintained within the apartment unit and/or enclosed areas related to that specific unit. Each owner of a dog or cat must deposit \$100.00 with the Board of Directors to defray the cost of repairing any damage to or maintaining the sanitation or cleanliness of the common elements caused by or attributable to such pet. Should the owner cease to occupy his apartment or keep a dog or cat the \$100.00 deposit of any unexpended portion thereof will be refunded; (2) Walking of the dog and/or cat outside of the confines of the apartment unit shall be on a leash and shall be in an area prescribed by the Board of Directors. Owners shall be responsible for cleaning up after their animals on the premises; and (3) Outdoor cooking will be allowed only in designated areas.

OWNERSHIP OF TITLE: A preliminary report dated May 28, 1982, issued by Title Guaranty of Hawaii, Inc., states that fee

simple title to the land is held by 1032 Kinau Hui, a registered Hawaii limited partnership. The Developer is purchasing the land from 1032 Kinau Hui under an Agreement of Sale dated April 15, 1981, recorded in the Bureau of Conveyances of the State of Hawaii in Book 15580 at Page 704.

ENCUMBRANCES: Said preliminary report states that the 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 Tax Assessor, First Division, City and County of Honolulu, Hawaii.

2. Title to all minerals and metallic mines reserved to the State of Hawaii.

3. Mortgage made by N. Harada Properties, Inc., as Mortgagor and City Bank Corporation, as Mortgagee, dated June 27, 1979, recorded in the Bureau of Conveyances in Liber 13806, Page 442.

4. Aforesaid Agreement of Sale.

PURCHASE MONEY HANDLING: A copy of a specimen Deposit Receipt and Sales Contract (the "Sales Contract") and an executed Escrow Agreement have been submitted as part of the registration. The Escrow Agreement, dated May 10, 1982, identifies Title Guaranty Escrow Services, Inc. as the "Escrowee." Upon examination, the specimen Sales Contract and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended, and particularly with Sections 514A-37, 39, 40 and 63 through 66. A prospective purchaser should carefully examine the form of Sales Contract and the 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 Escrow Agreement before signing the Sales Contract since the Escrow Agreement prescribes the procedure for receiving and disbursing the purchaser's down payments and the Sales Contract provides that the purchaser approves the 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, without interest, 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) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, there shall have been a change in the building plans, subsequent to the execution of the purchaser's Sales Contract, requiring approval of a county officer having jurisdiction over the issuance of building permits, unless such change is specifically authorized in the Declaration of Horizontal Property Regime or by the terms of the Sales Contract or unless the purchaser's written approval or acceptance of the specific change is obtained or ninety days have elapsed since the purchaser has accepted in writing the apartment or the purchaser has first occupied the apartment; or

(d) The Final Report differs in a material respect from the Preliminary Report, and the purchaser's written approval of such change shall not have been obtained; or

(e) The Final Report shall not have been issued within one (1) year from the date of issuance of the Preliminary Report and the purchaser has not waived or has not been deemed to have waived his right to a refund; or

(f) 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 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 Developer 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, upon the occurrence of the event described in (a), (b) or (f) above or upon receipt of a written request for a refund from the purchaser upon the occurrence of an event described in (c), (d) or (e) above, 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 said Sales Contract and any conveyance document theretofore delivered to Escrow shall be returned to the Developer 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.

The 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 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; that no such representations or warranties have been made and that the Developer expressly disclaims and repudiates any representation from any source as to the possible economic benefit arising from ownership of an apartment in the Project; (iii) that the purchaser's right, title and interest under the Sales Contract shall be subject and subordinate to the liens and security interests of any mortgages or other security instruments made by the Developer in favor of any lending institutions to secure one or more loans for the purpose of constructing the Project; and (iv) that the Developer agrees to require from the general contractor of the Project a written warranty for workmanship and materials used in the construction of the apartment and the common elements, together with a covenant to repair any defects due to faulty materials and/or workmanship which are discovered and reported within the one (1) year warranty provided for in the contract between the Developer and the general contractor for the construction of the Project; that unless prohibited by the terms of any contract or warranty, the Developer agrees without incurring any legal liability therefor, to cooperate with the purchaser and use its best efforts to have all such warranties performed by the general contractor to the fullest extent thereof; that all such warranties shall be in lieu of any Developer's warranties, express or implied, with respect to the apartment and the common elements; that the Developer, not being the manufacturer of the furnishings and appliances installed in the apartment, nor the manufacturer's agent, disclaims any express or implied warranty of any kind whatsoever with respect to such furnishings and appliances, including the merchantability of such furnishings and appliances or their fitness for any particular purpose; and that the Developer has not made and will not be legally obligated for any other warranties, either express or implied, with respect to purchaser's apartment, the common elements or anything installed therein.

REMOVAL OF HOLDING TANK: The Project will initially be served by a holding tank sewer system. Upon notification by the City and County of Honolulu that the capacity of the City's present sewer system for the Makiki area has been improved, the Association of Apartment Owners will be required, at the Association's (and not Developer's) expense, to remove the Project's holding tank, connect the Project's sewer system to the City's improved system and comply with all other requirements imposed by the City in connection therewith.

MANAGEMENT AND OPERATION: Article III, Section 3, of the Bylaws states that the Board of Directors shall at all times employ a responsible managing agent to manage and control the

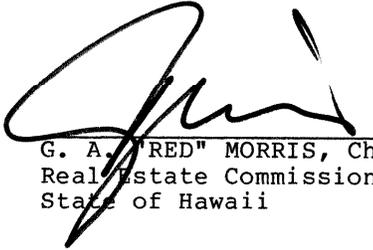
Project, subject at all times to direction by the Board of Directors. No managing agent has been selected as of the date of this report.

STATUS OF PROJECT: Construction of the Project has already commenced, and the Developer currently estimates that the Project will be ready for occupancy on or about September 1, 1982.

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 June 10, 1982 and information subsequently filed as of August 16, 1982.

This PRELIMINARY HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1505 filed with the Commission on June 10, 1982.

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


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

Distribution:

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

Registration No. 1505

August 25, 1982

EXHIBIT A

<u>Apartment Nos.</u>	<u>Model</u>	<u>Net Living Area in Square Feet (Approx.)</u>	<u>Percentage Interest In Common Elements</u>	<u>Parking Stall Nos.</u>	
				<u>Covered Regular</u>	<u>Covered Compact</u>
301	A	779	6.9466	13, 14	
302	B	809	7.2141	15	16
401	A	779	6.9466	18	17
402	B	809	7.2141	19, 20	
501	A	779	6.9466	21, 22	
502	B	809	7.2141	23, 24	
601	A	779	6.9466	1, 12	
602	B	809	7.2141	2	4
701	A	779	6.9466	8, 9	
702	B	809	7.2141	3	5
PH I	C	1,637	14.5982	6, 7	
PH II	C	1,637	14.5983	10, 11	