

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

PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT

on
PALEHUA VIEW ESTATES-PHASE 2
Kuamu Street
Ewa Beach, Hawaii

REGISTRATION NO. 1548

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 9, 1983

Expires: July 9, 1984

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 and prospective purchaser is particularly directed to the following:

THE REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION SUBMITTED ON MAY 31, 1983, AND INFORMATION SUBSEQUENTLY FILED AS OF JUNE 7, 1983. 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. PALEHUA VIEW ESTATES-Phase 2 is a fee simple condominium project consisting of 4 multi-family residential buildings containing 26 residential units. There will be 58 parking stalls in the project. Each apartment will have 2 assigned parking stalls. There will also be 6 guest parking stalls.

2. Palehua View Estates-Phase 2 is the second phase of a proposed 12 phase development. The Developer has reserved the right to develop 11 additional condominium projects. The Developer's present plans show that the 12 phases will be built on 12 lots, comprising approximately 22.496 acres of land, which will contain approximately 198 residential apartments, together with such supporting and servicing common elements which the Developer determines in its sole discretion would be beneficial to each project. The servicing common elements will include up to five roadway lots comprising approximately 2.093 acres. The Developer has also reserved the right to merge the project with one or more of the other phases at any time prior to December 31, 1990. A description of the other phases is contained in the topical heading MERGER OF ADDITIONAL PHASES set forth below. The subdivision map showing the aforesaid 12 lots and all but a small portion of the five roadway lots has been approved by the Department of Land Utilization of the City and County of Honolulu, but has not yet been approved by the Judge of the Land Court of the State of Hawaii nor filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii. Prior to the filing of the Declaration, the Developer intends to consolidate the area represented by Easement 1207, as shown on Map 324 of Land Court Application No. 1069, with the adjacent roadway lot as shown on said subdivision map.
3. The documentation submitted by the Developer reflects that the Developer will acquire the land from the Trustees under the Will and of the Estate of James Campbell, Deceased, the present owners of the land, prior to the conveyance of apartments in the project.
4. The Developer is attempting to arrange for the financing of purchases of apartments in the project by way of mortgages insured by the Department of Housing and Urban Development pursuant to Section 234 of Title II of the National Housing Act and by way of mortgages guaranteed by the Veterans Administration under Section 1810(a)(6) of Title 38 of the U.S. Code. As a condition to its providing such insurance, the Department of Housing and Urban Development will require that the Association of Apartment Owners of the project enter into with the Department and record a Regulatory Agreement whereby the Association may be regulated and restricted by the Department. The Regulatory Agreement will be executed by the Developer for and on behalf of the Association and recorded with the Declaration. Purchasers of apartments in the project should, therefore, familiarize themselves with the provisions of the Regulatory Agreement.

5. The Developer of the project has submitted to the Commission for examination all documents deemed necessary for the registration of a condominium project and issuance of this Preliminary Public Report. The Developer is held responsible for placing this Preliminary Public Report (yellow paper stock) and Disclosure Abstract in the hands of all purchasers and prospective purchasers and securing a signed copy of the receipt therefor.
6. The basic documents (Declaration of Horizontal Property Regime, Bylaws of Association of Apartment Owners and a copy of the floor plans of the project) have not yet been filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.
7. Advertising and promotional matter have been submitted to the Commission.
8. 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 which relate to Horizontal Property Regimes.
9. This Preliminary Public Report automatically expires thirteen (13) months after date of issuance, June 9, 1983, unless a Final or 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: PALEHUA VIEW ESTATES-PHASE 2

LOCATION: The land, consisting of one (1) parcel containing 3.649 acres, is situate at Kuamu Street, Ewa Beach, Hawaii.

TAX KEY: First Division, 9-2-19-37 and 9-2-3:Portion 2

ZONING: The land is zoned R-6 Residential but is subject to the requirements of Planned Development Housing Project Application No. 82/PDH-1.

DEVELOPER: Finance Realty Company, Limited, a Hawaii corporation, whose principal place of business and post office address is 195 South King Street, Honolulu, Hawaii 96813 (telephone: 548-3347), is the Developer of this project. The officers of the Developer are:

Mun On Chun	Chairman of the Board
Wendell K. Pang	President
Clifford H. N. Yee	Vice President
Daniel B. T. Lau	Vice President & Secretary
Journ T. Yee	Vice President
Jerold Y. K. Chun	Vice President & Treasurer

ATTORNEY REPRESENTING DEVELOPER: Wendell K. Pang, 195 South King Street, Honolulu, Hawaii (Telephone: 548-3356).

DESCRIPTION: The project shall consist of 26 condominium apartments contained in 4 multi-family residential buildings.

The apartments will be constructed principally of wood, concrete, hollow concrete block, metal and glass. There is no basement.

The apartments shall be of 8 types in this project, designated as Type A1, Type A2, Type B, Type C, Type D, Type E, Type F and Type G. An "R" in the designation indicates the reverse of the apartment type designated by the letter preceding the "R".

Type A1 - The Type A1 is a split-level apartment which contains 5 rooms. The apartment contains an entry, a living/dining room, a kitchen with a stacked washer and dryer, 2 bedrooms with closets, a bathroom with a linen closet, an interior storage closet, a lanai and 2 exterior storage closets. Interior stairs connect the two levels.

Interior Floor Area	711
Exterior Storage Closets	24
Subtotal	<u>735</u>
Lanai Area	56
Total	<u>791</u>

Type A2 - The Type A2 apartment contains 5 rooms. The apartment contains an entry, a living/dining room, a kitchen with a stacked washer and dryer, 2 bedrooms with closets, a bathroom with a linen closet, an interior storage closet, a wooden deck and an exterior storage closet.

Interior Floor Area	711
Exterior Storage Closet	24
Subtotal	<u>735</u>
Deck Area	51
Total	<u>786</u>

Type B - The Type B apartment is a split-level apartment which contains 9 rooms. On the lower levels are located a living room, a dining room, a kitchen, a half bathroom/utility room with a washer and dryer, a pantry, a lanai and two exterior storage closets. On the upper levels are located 3 bedrooms with closets, 2 bathrooms, a linen closet and an interior storage closet. Interior stairs connect the four levels.

Upper Level Interior Floor Area	668
Lower Level Interior Floor Area	578
Exterior Storage Closet	21
Subtotal	<u>1,267</u>
Lanai Area	44
Total	<u>1,311</u>

Type C - The Type C apartment is a split-level apartment which contains 10 rooms. On the lower levels are located an entry, a living room, a dining room, a kitchen, a bedroom with closet and a half bathroom/utility room with a washer and dryer, a lanai and an exterior storage closet. On the upper levels are located 3 bedrooms with closets, 2 bathrooms and an interior storage closet. Interior stairs connect the four levels.

Upper Level Interior Floor Area	662
Lower Level Interior Floor Area	782
Exterior Storage Closet	16
Subtotal	<u>1,460</u>
Lanai Area	100
Total	<u>1,560</u>

Type D The Type D apartment is a split-level apartment which contains 8 rooms. On the lower levels are located an entry, a dining room, a living room, a kitchen, a pantry, an interior storage closet, a lanai, 2 exterior storage closets and an exterior utility closet with a washer and dryer. On the upper levels are located 3 bedrooms with closets, 2 bathrooms and an interior storage closet. Interior stairs connect the four levels.

Upper Level Interior Floor Area	662
Lower Level Interior Floor Area	544
Exterior Storage Closet	39
Subtotal	<u>1,245</u>
Lanai Area	79
Total	<u>1,324</u>

Type E - The Type E apartment is a split-level apartment which contains 7 rooms. On the lower levels are located an entry, a kitchen/dining room, a bedroom with closet, a bathroom/dressing room with a closet, an interior storage closet, a lanai, an exterior storage closet and an exterior utility closet with a washer and dryer. On the upper levels are located a living room, 2 bedrooms with closets, a bathroom, a linen storage closet and a wooden deck. Interior stairs connect the four levels.

Upper Level Interior Floor Area	676
Lower Level Interior Floor Area	581
Exterior Storage Closet	32
Subtotal	<u>1,289</u>
Lanai Area	91
Deck Area	80
Total	<u>1,460</u>

Type F - The Type F apartment is a split-level apartment which contains 7 rooms. On the lower level are located an entry, a living/dining room, a kitchen, a bedroom with closet, a bathroom, an interior storage closet, a lanai, 2 exterior storage closets and an exterior utility closet with a washer and dryer. On the upper level are located 2 bedrooms with closets, a dressing area, a bathroom and a linen closet. Interior stairs connect the two levels.

Upper Level Interior Floor Area	516
Lower Level Interior Floor Area	703
Exterior Storage Closet	38
Subtotal	<u>1,257</u>
Lanai Area	91
Total	<u>1,348</u>

Type G - The Type G apartment is a split-level apartment which contains 9 rooms. On the lower level are located an entry, a living/dining room, a kitchen, a bedroom with closet, a bathroom, a utility room with a washer and dryer, an interior storage closet, a lanai and an exterior storage closet. On the upper level are located 3 bedrooms with closets, a linen closet and a bathroom. Interior stairs connect the two levels.

Upper Level Interior Floor Area	557
Lower Level Interior Floor Area	776
Exterior Storage Closet	16
Subtotal	<u>1,349</u>
Lanai Area	112
Total	<u>1,461</u>

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls, the floors and ceilings surrounding each apartment or any pipes, wires, ducts, conduits or other utility or service lines running through such apartment which are utilized for or serve any other 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, doors and door frames, windows and window frames, all fixtures originally installed therein, an enclosed exterior storage area and any lanai, deck and garage.

COMMON ELEMENTS: The proposed Declaration states that the common elements shall include:

- (a) The land in fee simple;

- (b) All foundations, floor slabs, columns, supports, retaining walls, fences, unfinished perimeter walls and load-bearing walls and roofs of the buildings;
- (c) All mailboxes, yards, grounds and landscaping, roads, walkways, parking areas, driveways, refuse facilities, building and address signs 6 guest parking stalls;
- (d) A recreation area with one set of children's playground equipment and barbecue area, including picnic tables, benches and related facilities;
- (e) All ducts, conduits, electrical and mechanical equipment, wiring, pipes and other central and appurtenant transmission facilities and installations for services, such as power, light, sewer, water, telephone and radio and television signal distribution over, under and across the project which serve more than one apartment;
- (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: The proposed Declaration provides that certain parts of the common elements, called and designated as limited common elements, shall be for the exclusive use and enjoyment of certain apartments, as follows:

- (a) Each apartment shall have appurtenant thereto an exclusive right to use the parking stall assigned to such apartment as set forth in Exhibit "A" attached hereto; provided, however, that each apartment shall have at least one parking stall appurtenant to it but otherwise any parking stall may be conveyed and made appurtenant to another apartment by a written instrument which expressly identifies the apartment to which the parking stall is appurtenant as well as the apartment to which the parking stall will become appurtenant, which written instrument shall also be denominated an amendment of this Declaration, shall be executed by the owner of each apartment affected, with the consent of the mortgagee, if any, of each apartment affected, and shall be effective upon the filing of the instrument in the Office of the Assistant Registrar of the Land Court of the State of Hawaii. A copy of said instrument, together with the filing data, shall be given to the Association by the affected apartment owners within 15 days of the filing thereof.
- (b) The fenced yard area adjoining the front, rear or side of an apartment, as the case may be, is designated as a limited common element appurtenant to and

for the exclusive use of such apartment. The general location of the fences is shown on the site and fencing plans filed as part of the Condominium Map but the actual height, location and placement of the fences may vary on account of the topography.

EASEMENTS: The proposed Declaration provides that the apartments and 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 for ingress to, egress from, utility services for and support of such apartment; in the other common elements for use according to their respective purposes, subject always to the exclusive or limited use of the limited common elements as herein provided and in all other apartments of its building for support.
- (b) The exception and reservation unto the Developer, its successors but not its assigns, and the Association of Apartment Owners of easements for electrical, gas, communications and other utility purposes and for sewer, drainage and water facilities over, under, along, across and through said land, together with the right to grant to the State of Hawaii, City and County of Honolulu, Board of Water Supply of the City and County of Honolulu or any other appropriate governmental agency or public utility, or to any other individual, corporation or association, easements for such purposes over, under, across, along and through said land under the usual terms and conditions required by the grantee for such easements rights; provided, however, that such easement rights must be exercised in such manner as not unreasonably to interfere with the use of said land by the owners of the apartments (each such owner being herein referred to from time to time as "Apartment Owner"), their successors and assigns, and in connection with the installation, maintenance or repair of any facilities pursuant to any of said easements said land shall be promptly restored by and at the expense of the person owning and exercising such easement rights to the condition of said land immediately prior to the exercise thereof, and each Apartment Owner, by purchasing an apartment in this project, agrees that such Apartment Owner and any person claiming an interest in said land by, through or under such Apartment Owner will, upon request, join in and execute any and all documents designating and granting any such easements.
- (c) If any part of the common elements encroaches upon any apartment or limited common element, a valid easement for such encroachment and the maintenance

thereof, so long as it continues, shall and does exist. In the event any buildings of the project shall be partially or totally destroyed and then rebuilt, minor encroachments of any parts of the common elements due to such construction shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist.

- (d) The Association of Apartment Owners of the project shall have the right, to be exercised by its Board of Directors or Managing Agent, to enter any apartments and limited common elements from time to time during reasonable hours as may be necessary for the operation of the project or for the installation, repair or replacement of any common elements or at any time for making emergency repairs therein required to prevent damage to any apartments or common elements.
- (e) Each apartment shall have appurtenant thereto, and each Apartment Owner shall have, an easement in the area designated as the "Private Park" under Declaration of Restrictive Covenants (Private Park) described below, which easement shall be for park and recreational purposes in common with and in favor of the owners of apartments in all other condominium projects to be developed as phases of Palehua View Estates; but the use of the Private Park shall be subject to the provisions of the Declaration of Restrictive Covenants (Private Park) and to all reasonable rules and regulations from time to time made by the Association of Apartment Owners of the project; provided, however, that until all phases of Palehua View Estates have been merged, all expenses attributable to the Private Park for maintenance, administration and all other expenses shall be shared by owners of all apartments having the right to use the Private Park in proportion to the ratio that the common interest appurtenant to each such apartment bears to the total of the common interests of all apartments in all proposed phases of Palehua View Estates; provided, however, that until all phases of Palehua View Estates have been completed and merged or until such time as the development of Palehua View Estates has been terminated or abandoned without completion of all of the proposed phases, the Owner shall pay for the remainder of all expenses attributable to the Private Park which are not assessable as herein provided against the apartments entitled to use the Private Park. In the event that the Private Park shall be conveyed to or condemned by the City and County of Honolulu or another governmental authority, this easement shall automatically terminate. In the event that the Owner terminates or abandons the development of Palehua View Estates, this easement shall automatically terminate with respect to such proposed phases which have not been developed.

- (f) Each apartment shall have appurtenant thereto, and each Apartment Owner shall have, an easement in the Roadway Lots described in Exhibit "A" of the Declaration, which easement shall be for access purposes in common with and in favor of the owners of apartments in all other condominium projects to be developed as phases of Palehua View Estates; but the use of the Roadway Lots shall be subject to all reasonable rules and regulations from time to time made by the Association of Apartment Owners of the project; provided, however, that all expenses attributable to the Roadway Lots for maintenance, administration and all other expenses shall be shared by owners of all apartments having the right to use the Roadway Lots in proportion to the ratio that the common interest appurtenant to each such apartment bears to the total of the common interests of all apartments in all proposed phases of Palehua View Estates until all phases of Palehua View Estates have been completed and merged or until such time as the development of Palehua View Estates has been terminated or abandoned without completion of all of the proposed phases, and until such time the Owner shall pay for the remainder of all expenses attributable to the Roadway Lots which are not assessable as herein provided against the apartments entitled to use the Roadway Lots. After all of the then proposed phases of Palehua View Estates have been developed, if the phases are not all merged, the owners of all apartments having the right to use the Roadway Lots shall nevertheless share the aforesaid expenses in proportion to the ratio that the common interest appurtenant to each such apartment bears to the total of the common interests of all apartments in all phases which have been developed. In the event that the Roadway Lots shall be conveyed to or condemned by the City and County of Honolulu or another governmental authority, this easement shall automatically terminate. In the event that the Owner terminates or abandons the development of Palehua View Estates, this easement shall automatically terminate with respect to such proposed phases which have not been developed.
- (g) Upon written approval by the Board of Directors of the Association of Apartment Owners of the project of the installation of a solar energy system or device to serve any apartment in the project, such apartment shall have an easement in its favor to place, maintain and operate such solar energy system or device on the roof of the building in which such apartment is located and over, across and through such other common elements of the building as shall be reasonably required in connection with the operation and repair of the solar energy system or device serving such apartment; subject to such conditions as the Board shall impose. Upon the installation of such a

system or device, it shall be considered a fixture and a part of the apartment which it serves. Such a system may be removed by its owner at such owner's sole expense upon written notice to the Board, but such owner shall be obligated to repair any damage to the roof or other common elements of the building affected by such removal.

The owner of each such system shall keep his system in working order and good condition at all times and shall not abandon the same; provided, however, that if any owner is in default under any provision contained in this subparagraph, the Board may correct such violation and recover its expenses, including a reasonable attorney's fee, from the owner in default.

INTEREST TO BE CONVEYED TO PURCHASER. The undivided interest in the common elements appertaining to each of the apartments and their owners for all purposes, including voting, is as set forth in Exhibit "A" attached hereto.

Upon merger of additional increments, the common interest for each apartment shall change in accordance with Paragraph X of the proposed Declaration, which is discussed under the topical heading "MERGER OF ADDITIONAL PHASES."

COMMON EXPENSES: The proposed Declaration provides that all all charges, costs and expenses whatsoever incurred by the Association for or in connection with the administration of the project, including without limitation the operation thereof, any maintenance, repair, replacement and restoration of the common elements and any additions and alterations thereto, any labor, services, materials, supplies and equipment therefor, any liability whatsoever for loss or damage arising out of or in connection with the common elements or any accident, fire or nuisance thereon, any premiums for hazard and liability insurance herein required with respect to the project, any assessments for the creation and maintenance of reserves required by paragraph R of the proposed Declaration and the cost of all utility services, unless separately charged to or separately metered and charged to apartment owners in the project, shall constitute common expenses of the project for which all apartment owners shall be severally liable in proportion to their respective common interests. Real property taxes and special assessments referred to in Section 514A-6, Hawaii Revised Statutes, as amended, shall not be common expenses of the horizontal property regime and no payments thereof shall be payments of such common expenses.

The Board of Directors of the Association shall from time to time assess the common expenses against all the apartments in their respective proportionate shares, and the unpaid amount of such assessments against any apartment shall constitute a lien against such apartment which may be foreclosed by the Board or Managing Agent as provided by said Horizontal Property Act,

provided that 30 days' prior written notice of intention to foreclose shall be mailed, postage prepaid, to the apartment owner and all other persons having any interest in such apartment as shown in the Association's record of ownership. Upon approval by the Association, any surplus of assessments and other receipts over actual expenditures in any one fiscal year shall be used for expenditures for the succeeding fiscal year or designated for capital improvements or returned to the apartment owners.

Notwithstanding any provision in the proposed Declaration to the contrary and except as otherwise expressly provided therein, all limited common element costs and expenses, including but not limited to, maintenance, repair, replacement, additions and improvements, shall be charged to the owner of the apartment to which the limited common element is appurtenant in an equitable manner as determined by the Board.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The proposed Declaration provides that the apartments shall be occupied and used only as private dwellings by the respective owners thereof, their tenants, families, domestic servants and social guests, and for no other purpose.

The apartments shall not be rented for transient or hotel purposes, which are defined as (a) rental for any period less than 30 days, or (b) any rental in which the occupants of the apartment are provided customary hotel services such as room service for food and beverage, maid service, laundry and linen or bellboy service. Except for such transient or hotel purposes the owners of the respective apartments shall have the absolute right to lease such apartments provided that all leases of such apartments shall be in writing and shall be subject to all provisions of the Declaration and the Bylaws and the Regulatory Agreement.

OWNERSHIP OF TITLE: The fee simple title to the land is vested in the Trustees under the Will and of the Estate of James Campbell, Deceased. By an unrecorded instrument dated October 26, 1960 the Trustees have entered into a development agreement with Finance Realty Company, Limited, the Developer. The lot on which the project will be constructed has not yet been subdivided but the subdivision of said lot received on April 27, 1983 the preliminary approval of the City and County of Honolulu through the Department of Land Utilization.

ENCUMBRANCES AGAINST TITLE: A Preliminary Report prepared by Security Title Corporation and dated May 10, 1983, as clarified by the Developer's certification as to encumbrances, shows that the land is subject to the following encumbrances:

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

2. Unrecorded Development Agreement dated October 26, 1960, as disclosed by instrument dated May 5, 1966, filed in said Office of the Assistant Registrar as Document No. 391241, made by and between Trustees under the Will and of the Estate of James Campbell, Deceased, and Finance Realty Co., Ltd., a Hawaii corporation. By instrument dated January 12, 1977 filed in said Office as Document No. 801573, the foregoing Development Rights were amended. Said Development Rights are subject to the following:
 - a. Mortgage dated October 3, 1980, filed in said Office as Document No. 1035112, and also recorded in the Bureau of Conveyances of the State of Hawaii in Liber 15039, at Page 735, made by Finance Realty Company, Limited, as Mortgagor, to Bank of Hawaii, as Mortgagee. Consent thereto filed as Document No. 589483.
3. Easement 1159, area 1,122 square feet, for drainage purposes, as shown on Map 303, as set forth by Land Court Order No. 53894, filed July 26, 1979, and Grant dated July 23, 1980, filed as Document No. 1093022, in favor of the City and County of Honolulu. Consents thereto filed as Document Nos. 1093023 and 1093024.
4. Grant dated August 27, 1980, filed as Document No. 1032281, in favor of Finance Realty Company, Limited for flowage of surface waters from Lots 3123, 3124 and 3125, as shown on Map 303.

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS. This project is part of a planned community development known as the Palehua Community, which the Developer is developing upon certain real property situate at Honouliuli, District of Ewa, City and County of Honolulu, State of Hawaii. All of the real property which is part of the project shall be held, sold, encumbered, leased, occupied, and improved subject to the covenants, conditions, restrictions, limitations, reservations and easements contained in and established by that certain Declaration of Covenants, Conditions and Restrictions of the Palehua Community, dated January 14, 1977, and filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 801577, as the same may be amended from time to time as provided therein, which covenants, conditions, restrictions, limitations, reservations and easements shall run with the land and inure to the benefit of the Developer, the parties thereto, the Palehua Community Association, and each owner thereof or of any part thereof, and each successor in interest of such owner. A copy has been filed with the Real Estate Commission.

The Association may assess each apartment owner for the expenses of the Palehua Community Association, including but not limited to the maintenance of common areas and facilities.

PURCHASE MONEY HANDLING: A copy of the Escrow Agreement dated May 18, 1983, by and between Bank of Hawaii, a Hawaii corporation, as Escrow, and Finance Realty Company, Limited, a Hawaii corporation, as Seller, has been submitted to the Commission as part of this registration. On examination the Escrow Agreement and the specimen Sales Contract are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended. The provisions of the Sales Contract should be carefully read by the purchasers. The specimen Sales Contract recites the conditions under which the purchaser acknowledges receipt of the Public Report.

The specimen Sales Contract provides among other things that (1) Purchaser agrees that all rights of the purchaser are and at all times subject and subordinate to the lien of any mortgage to a lending institution, and to all advances, modification, extensions and renewals thereof, made to finance the cost of construction of the project and (2) Purchaser acknowledges and understands that the Seller is negotiating with the Estate of James Campbell for the purchase of the fee title to the land upon which the project will be built and Seller shall have the option to rescind the Sales Contract if Seller is unable to obtain acquisition thereof.

It is incumbent upon the purchaser that he read with care the Sales Contract and Escrow Agreement. The Escrow Agreement establishes how the proceeds from the sale of the apartments and all sums of any source are placed in trust as well as the retention, disbursement and refund of said trust fund.

MANAGEMENT AND OPERATION: A Management Agreement has been submitted to the Commission which appoints Mahalo Nui Management, Inc., 195 South King Street, Honolulu, Hawaii, as the managing agent for the project. Purchasers are hereby informed that said managing agent is an affiliate and a wholly-owned subsidiary of the Developer.

REGULATORY AGREEMENT: The Developer intends to qualify this project for home mortgage insurance under Section 234 of the National Housing Act. As a condition for qualification, the Developer shall enter into a Regulatory Agreement with the Federal Housing Commissioner which governs the management, operation and maintenance of the project in accordance with standards required by the Federal Housing Commissioner. The project shall be subject to the Regulatory Agreement, a copy of which has been filed with the Commission.

PARK AND RECREATION AREA: As set forth in the proposed Declaration, an area containing approximately 22,200 square feet will be restricted for use as a park and recreational facility for all occupants of Palehua View Estates, as required by Rule 10 of the Park Dedication Rules and Regulations of the City and County of Honolulu, State of Hawaii, adopted pursuant to Ordinance 4621 of the City and County of Honolulu. All apartment owners in all phases will contribute proportionately according to their common interest to the perpetual maintenance

of the park, as more fully described under the topical heading "EASEMENTS". The restrictions and obligations of apartment owners will be set forth in a Declaration of Restrictive Covenants (Private Park) to be filed in the Office of the Assistant Registrar, a proposed copy of which has been filed with the Commission.

PLANNED DEVELOPMENT-HOUSING. The project is being developed or has been developed as a planned development under Planned Development-Housing Application No. 82/PDH-1 filed with the Director of Land Utilization of the City and County of Honolulu pursuant to the Comprehensive Zoning Code of the City and County of Honolulu, as amended. The Decision and Order dated April 13, 1982, in Application No. 82/PDH-1, as amended, relates to the project and contains among its provisions certain conditions which have been satisfied, waived or amended; therefore, except to the extent that any portion of said document has been satisfied or waived, to the extent that said document contains any restrictive conditions which may be constituted as restrictive covenants running with the land, such restrictive conditions are by this sentence declared to be restrictive covenants running with the land. The Owner reserves the right to file and shall file, either with the amendment of the Declaration described in Paragraph S.2. thereof or with the Certificate of Merger described in Paragraph X.3.(b) of the Declaration, a declaration which states, to the best of the Owner's knowledge and information, which provisions and conditions of said Decision and Order have been satisfied, waived or amended and which shall continue to be restrictive covenants running with the land.

MERGER OF ADDITIONAL PHASES: In Paragraph X of the proposed Declaration, the Developer has reserved the right to merge the project with any one or more of eleven additional condominium projects. The Declaration, in Paragraph X, provides in part, as follows:

1. The Developer shall have the right at its option to amend the project, by way of merger as hereinafter provided, at any time up to, but not later than December 31, 1990, by the construction and addition to the project of approximately 172 additional apartments, together with such supporting and servicing common elements which the Developer determines in its sole discretion are beneficial to the project, on up to an additional approximate 19.847 acres of adjoining land, which land is described in Exhibit "B" attached hereto. Such additions may be added in additional phases as described in Exhibit "B", provided, however, that any phases which are merged shall be owned or controlled by Developer or shall have been developed by Developer.

All improvements in subsequent phases shall be consistent with the improvements in the project in terms

of quality of construction, building types, architectural style and size of units and shall be substantially completed prior to merger. The facilities which shall be for the common use of all owners in merged phases are the recreation area and facilities in Phase 2 and the resident manager's apartment in Phase 1. If Developer substantially departs from the requirements of this paragraph or if Developer substantially expands the overall plan of development for Palehua View Estates, any merger of subsequent phases must have the written consent of 67% of the owners in the phases to be merged and the written consent of the holders of first mortgages on apartments to which at least 51% of the votes of apartments subject to such mortgages are allocated.

If Developer decides not to develop any portion of the land described in said Exhibit "B" as part of Palehua View Estates, Developer may unilaterally file in the Office of the Assistant Registrar of the Land Court of the State of Hawaii a notice of withdrawal with respect to the land affected, which withdrawal shall have the effect of freeing such land from any further involvement with Palehua View Estates and from the encumbrance of any reference to said land contained in any Declaration of Horizontal Property Regime of any phase of Palehua View Estates previously filed in said Office.

2. This project is the second phase of a proposed multi-phase project as described in said Paragraph X, which may be developed in two or more phases, all at the option of the Developer. The purpose of the merger provisions of said Paragraph X is to provide for a merger of all phases as if the phases involved had been developed as one single project. A merger may occur with respect to the first phase with the second phase or any subsequent phases, or any one of them, at the same or different times and merger with respect to one of said phases shall not affect the right of the Developer to merge another phase or phases at a later date subject to all of the provisions of the proposed Declaration.
3. Merger shall take effect with respect to a particular additional phase upon the occurrence of all of the following conditions with respect thereto (quoted from the proposed Declaration):
 - (a) Filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii by the Developer of a Declaration of Horizontal Property Regime and Bylaws covering the additional phase in a form substantially identical hereto (except for the descriptions of apartments, the common elements and the percentage of common

interest appurtenant to each apartment and except for such matters as may be required to conform to any amendments of Chapter 514A, Hawaii Revised Statutes, enacted subsequent to the filing hereof) and a Condominium Map depicting the plot and floor plans of the additional phase, both complying with the requirements of Chapter 514A, Hawaii Revised Statutes, as amended; and

- (b) Recordation in the Office of the Assistant Registrar of the Land Court of the State of Hawaii by the Developer of a "Certificate of Merger", which certificate shall contain:
 - (i) A certification by a Hawaii registered architect or professional engineer that the final plans theretofore filed for the phases being merged, or being filed simultaneously with such certificate, fully and accurately depict the layout, location, apartment numbers, dimensions and elevations of the apartments of the phases being merged, as built;
 - (ii) A certification by Developer that the phase has been substantially completed, that a notice of completion has been filed and that the period for filing of mechanics' and materialmen's liens has expired;
 - (iii) The common interest of each apartment of the project after completion of the subject merger;
 - (iv) A certification by Developer that all real property taxes and assessments due from the phases being merged and for which Developer is liable have been paid; and
 - (v) A certification by Developer that 70% of the total value of all of the apartments in each phase being merged has been sold by Developer.
- 4. Upon the merger of one phase with another, the common interests of all apartments in the merged phases must be recalculated and the common interest of each apartment shall necessary be decreased. The percentage of common interest of each apartment upon merger with an additional phase shall be calculated by dividing such apartment's floor area by the floor area of all apartments in the project after merger. The "floor area" of an apartment includes the total net living floor area of an apartment, but excludes exterior storage closets, garages, lanais and decks.

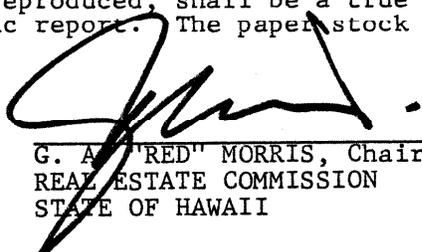
The Developer may, at its discretion, add or subtract up to .0009% to apartments for the sole purpose of ensuring that the total common interests for all apartments equals 100%.

STATUS OF THE PROJECT: The Developer reports that construction of the project is scheduled to commence in July, 1983.

The purchaser or prospective purchaser shall be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of Intention submitted May 31, 1983 and information subsequently filed as of June 7, 1983.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1548 filed with the Commission on May 31, 1983.

The report, when reproduced, shall be a true copy of the Commission's public report. The paper stock must be yellow in color.



G. A. "RED" MORRIS, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

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

REGISTRATION NO. 1548

June 9, 1983

Schedule of Common Interests
and Parking Stall Assignments

The common interest for an apartment was determined by taking the net living floor area of the apartment, exclusive of exterior storage closets, garages, lanais and decks, and dividing that figure by the aggregate of the net living floor area for all apartments in the project, with minor adjustments to bring the total percentage to 100%.

<u>Building No.</u>	<u>Apt. No.</u>	<u>Apt. Type</u>	<u>Approximate Net Living Floor Area</u>	<u>Parking Stall No(s)</u>	<u>Percentage Interest</u>
8	49	E	1257	49, 49A	4.1289
	50	B	1246	50, 50A	4.0928
	51	B-R	1246	51, 51A	4.0928
	52	B	1246	52, 52A	4.0928
	53	B-R	1246	53, 53A	4.0928
9	54	E-R	1257	54, 54A	4.1289
	55	F	1257	55, 55A	4.1289
	56	B	1246	56, 56A	4.0928
	57	B-R	1246	57, 57A	4.0928
	58	B	1246	58, 58A	4.0928
10	59	B-R	1246	59, 59A	4.0928
	60	E-R	1257	60, 60A	4.1289
	61	D	1206	61, 61A	3.9613
	62	D	1206	62, 62A	3.9613
	63	D-R	1206	63, 63A	3.9613
	64	A1	711	64, 64A	2.3354
	65	A2	711	65, 65A	2.3354
	66	A1-R	711	66, 66A	2.3354
	67	A2-R	711	67, 67A	2.3354
	68	C	1444	68, 68A	4.7431
11	69	G	1333	69, 69A	4.3785
	70	F	1219	70, 70A	4.0041
	71	F-R	1219	71, 71A	4.0041
	72	F	1219	72, 72A	4.0041
	73	F-R	1219	73, 73A	4.0041
	74	G-R	1333	74, 74A	4.3785
Total			30444		100.0000

Note: All parking and driveway stalls described above are regular, uncovered stalls.

- (a) Phase 1: Approximately 11 apartments on a lot of 1.377 acres.
- (b) Phase 3: Approximately 8 apartments on a lot of .872 acre.
- (c) Phase 4: Approximately 22 apartments on a lot of 1.935 acres.
- (d) Phase 5: Approximately 15 apartments on a lot of 1.879 acres.
- (e) Phase 6: Approximately 6 apartments on a lot of .651 acre.
- (f) Phase 7: Approximately 26 apartments on a lot of 2.023 acres.
- (g) Phase 8: Approximately 20 apartments on a lot of 2.349 acres.
- (h) Phase 9: Approximately 8 apartments on a lot of .832 acre.
- (i) Phase 10: Approximately 24 apartments on a lot of 2.352 acres.
- (j) Phase 11: Approximately 24 apartments on a lot of 2.519 acres.
- (k) Phase 12: Approximately 8 apartments on a lot of .965 acre.

Abstract
for
Palehua View Estates-Phase 2

1. Name of Project: Palehua View Estates-Phase 2
2. Address of Project: 92-1423, 92-1425, 92-1427 and 92-1429
Kuamu Street, Makakilo,
Ewa Beach, Hawaii
3. Developer Information: Finance Realty Company, Limited
195 S. King Street
Honolulu, Hawaii 96813
Phone: 548-3347
4. Project Manager: There is no project manager but the Managing Agent for the project is Mahalo Nui Management, Inc., 195 S. King Street, Honolulu, Hawaii 96813 (Phone: 548-4956).
5. Maintenance Fees: Schedules of the estimated annual maintenance fees for the project and the estimated monthly maintenance fee for each apartment type are attached hereto.
6. Warranties:
 - a. The Developer warrants against structural defects in an individual apartment of which written notice has been given to the Developer by the apartment owner at any time within one year from the date of conveyance of title to the apartment owner or the date of initial occupancy, whichever first occurs. In addition, Developer warrants against structural defects in the common elements for one year from such time as 60% of the votes appurtenant to all apartments in the project have been transferred to apartment owners other than the Developer.
 - b. Warranties on appliances furnished with an apartment shall be assigned by the Developer and shall thereafter run in favor of the apartment purchaser directly from the manufacturer. These warranties will expire at different times, depending on the date of installation of the appliances. The Developer will assure each purchaser only that the appliances are in working order at the time of occupancy by the purchaser.
7. The project is a residential project and does not contain any apartments for hotel use.
8. There is no commercial or non-residential development in the project.
9. Approximately seventy five cents (75¢) per unit per month will be assessed for Palehua Community Association to be used for insurance, audit fees, taxes and maintenance expenses. Also, a one time \$100.00 initiation fee per unit will be assessed for the Palehua Community Association's reserve fund.

PALEHUA VIEW ESTATES

PHASE 2

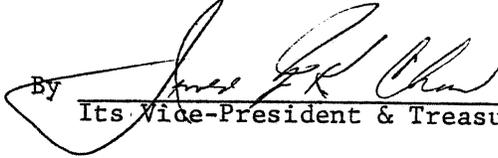
Monthly Maintenance Fees

<u>Apartment Type</u>	<u>Maintenance Fee</u>
A1	\$ 65.00
A2	65.00
B	115.00
C	133.00
D	111.00
E	116.00
F	112.00
G	123.00

The undersigned hereby certifies that the foregoing estimates of the Annual Operating Budget and monthly maintenance fees for Palehua View Estates, Phase 2, were prepared in accordance with generally accepted accounting principles.

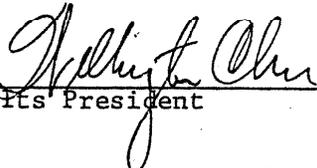
Dated: Honolulu, Hawaii; May 3, 1983.

FINANCE REALTY COMPANY, LIMITED

By  _____
Its Vice-President & Treasurer

Developer

MAHALO NUI MANAGEMENT, INC.

By  _____
Its President

Managing Agent

ANNUAL OPERATING BUDGET FOR COOPERATIVE HOUSING CORPORATIONS

PROJECT NO.(S) _____
 PROJECT NAME PALEHUA VIEW ESTATES - PHASE 2 ADDRESS c/o Mahalo Nui Management, Inc.
 P.O. Box 3979, Honolulu, Hawaii 96813

COVERING PERIOD FROM _____ TO _____

EXPENSES	ACCT. NO.	1 Prior Year Budget	2 Prior Year Actual	3 Over (Under)	4 Adjustments Incr. (Deacr.)	5 New Annual Budget	6 Adjustments By HUD
1. Vacancy & Collection Loss	6370						
2. Employee Apartment Rent	6330						
3. Apartment Resale Expense	6200						
4. Management Fee	6320					2514.72	
5. Legal Expense	6340						
6. Audit Expense	6350					137.55	
7. Telephone	6360					39.30	
8. Office & Adm. Salaries	6310						
9. Office Expenses - Supplies	6311					150.00	
10. Misc. Administrative Exp.	6390						
1. Res. Mgr. Salary						1886.40	
2. Palehua Community Exp.						234.00	
3.							
4.							
5. Fuel	6420						
6. Electricity	6450					1747.20	
7. Water & Sewer	6451					6000.00	
8. XXXX Equip. Oper. Exp.	6441					145.27	
9. Janitor's Payroll	6430						
10. Janitor's Supplies	6431						
1. Exterminating	6462						
2. Rubbish Removal	6470					811.20	
3. Parking Area Expense	6480						
4.							
5.							
6.							
7. Grounds Maintenance	6520						
8. Painting & Decorating	6560						
9. Structural Repairs	6540						
1. Heating & Air Cond. Maint.	6510						
2. Plumbing Maintenance	6511						
3. Electrical Maintenance	6512					22.52	
4. Elevator Maintenance	6550						
5. Pool Maintenance	6521						
6. Maintenance Supplies	6515					270.28	
7. Maintenance Payroll	6585					4659.40	
8. Misc. Maintenance Repair	6590						
9.							
10. Real Estate Taxes	6710						
1. Employer's Payroll Taxes	6711					804.86	
2. Miscellaneous Taxes	6719						
3. Property & Liability Insurance	6720					3105.00	
4. Workmen's Compensation	6721					899.18	
5. Fidelity Bonds	6723						
6. Miscellaneous Insurance TDI	6729					34.08	
7. Medical Insurance						330.12	
8. Income Taxes						56.31	
9. General Excise Tax						22.52	
10. Ground Rent	6815						
1. Mortgage Ins. Premium	6850						
2. Mortgage Interest	6820						
3. Mortgage Principal	2320						
4. Replacement Reserve	1320					7100.00	
5. General Operating Reserve	1365					1009.44	
6. Painting Reserve	1330					1200.00	
7. Project Equipment Purch.	1470					376.63	
8. Capital Improvements	1400						
TOTAL EXPENSE						33555.98	

INCOME	ACCT. NO.	1 Prior Year Budget	2 Prior Year Actual	3 Over (Under)	4 Adjustments Incr. (Decr.)	5 New Annual Budget	6 Adjustments By HUD
Carrying Charges *	5110					33648.00	
Rate Charges	5910	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
Interest Income	5410						
TOTAL INCOME						33648.00	
TOTAL EXPENSE (Line 58)						33555.98	
INCOME OVER (UNDER) EXPENSE						92.02	

STATUS OF FUNDED RESERVES

	ACCT. NO.	Required to Date	Actual on Deposit	Excess (Deficiency)
Replacement Reserve	1320			
Gen. Opr. Reserve	1365			
Maintaining Reserve	3230			

PROVISION FOR REPAYMENT OF ANY DEFICIENCIES SHOULD BE INCLUDED IN LINES 53, 54 AND 55.

SCHEDULE OF CARRYING CHARGES

DESCRIPTION OF UNIT	Per Month Per Unit	No. of Units of this Type	MONTHLY CARRYING CHGS.		ANNUAL CARRYING CHARGES	
			Prior Year	New Year	Prior Year	New Year
A1 (2BR)	\$ 65.00	2		130.00		1560.00
A2 (2BR)	65.00	2		130.00		1560.00
B (3BR)	115.00	8		920.00		11040.00
C (4BR)	133.00	1		133.00		1596.00
D (3BR)	111.00	3		333.00		3996.00
E (3BR)	116.00	4		464.00		5568.00
F (3BR)	112.00	4		448.00		5376.00
G (4BR)	123.00	2		246.00		2952.00
TOTALS		26		2804.00		33648.00

Unless otherwise indicated it is assumed that all utilities, maintenance and replacements are provided by the cooperative and are included in the above carrying charges. If any of these items are paid for directly by the member check below. (Specify any other items not listed)

Utilities: Fuel Electricity Water

Replacements: Range Refrigerator Air Cond. Garb. Disp.

Maintenances: Range Refrigerator Air Cond. Garb. Disp.

Explanatory comments, including management agents opinion as to adequacy of proposed new budgets:

*Seventy-five cents (\$.75) per unit per month is included in the maintenance fee for Palehua Community Association to be used for insurance, audit fees and maintenance fee. Also, a one time \$100.00 initial fee per unit will be assessed for the Palehua Community Association's reserve fund.

Prepared By: William Chu President
 Managing Agent: MAHALO HUI MANAGEMENT, INC.

Approved: FINANCE REALTY COMPANY, LIMITED
William Chu
 Title: Vice President and Treasurer
 (On Behalf of Cooperative)

Date: May 3, 1983

Date: May 3, 1983

Approved:

Approved as indicated in column 6c