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

HALE HONU
PRINCEVILLE, HANALEI, KAUAI, HAWAII

REGISTRATION NO. 1569 (CONVERSION)

Issued: December 14, 1983
Expires: January 14, 1985

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.

SPECIAL ATTENTION

A comprehensive reading of this report by the prospective purchaser is urged in order that personal requirements and expectations to be derived from the property can be ascertained. The attention of the prospective purchaser is particularly directed to the following:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION FILED SEPTEMBER 15, 1983 AND INFORMATION SUBSEQUENTLY FILED AS OF DECEMBER 1, 1983. 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) The HALE HONU is a fee simple condominium project consisting of twenty (20) residential apartments located in ten (10) two story buildings each containing two apartments. There will be thirty-one (31) unassigned parking stalls.

2) The Developer of the project has filed all documents and materials deemed necessary by the Commission for the registration of the condominium project and the issuance of this Preliminary Public Report.

3) The basic documents (Declaration of Horizontal Property Regime, By-Laws of the Association of Apartment Owners and a copy of the approved Floor Plans) have not yet been recorded in the Bureau of Conveyances of the State of Hawaii.

4) No advertising or promotional matter has been filed 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 the Horizontal Property Act, Chapter 514A of the Hawaii Revised Statutes and the Condominium Rules and Regulations which relate to Horizontal Property Regimes.

6) This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, December 14, 1983, unless a Final or Supplementary Public Report issues or the Commission, upon review of the registration, issues an order extending the period of this report.

7) This Preliminary Public Report is made a part of the registration of the HALE HONU condominium project. The Developer has the responsibility of placing a true copy of the 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.

NAME OF PROJECT: HALE HONU

LOCATION OF PROJECT: The project is located on Hanalei Plantation Road, Hanalei, County of Kauai, State of Hawaii and consists of approximately 3.272 acres of land.

TAX MAP KEY: 5-4-05:27

ZONING: R-20

DEVELOPER: Princeville Development Corporation, a Colorado corporation duly authorized to do business in Hawaii, whose principal place of business in Hawaii is Hanalei, Kauai and whose post office address is P. O. Box 3040, Princeville Contract Station, Hawaii 96722. Telephone number is (808) 861-6561. The officers are:

Michael Ulyshen President	737 Bishop Street, #3190 Honolulu, Hawaii 96813
Michael J. Hannon Vice-President	737 Bishop Street, #3190 Honolulu, Hawaii 96813
Walter W. Challenger Treasurer	P. O. Box 3040 Princeville, Kauai 96722

ATTORNEY REPRESENTING DEVELOPER: Michael J. Hannon, 737 Bishop Street, Suite 3190, Honolulu, Hawaii 96813; telephone (808) 524-0460.

DESCRIPTION OF PROJECT: HALE HONU is a condominium project consisting of ten (10) duplex buildings constructed principally of concrete slabs, wood and allied building materials. Each building is two stories in height and contains two (2) apartments, both with a ground floor and a second floor. There are thirty-one (31) unassigned, paved parking stalls. Construction of the project was substantially completed on May 1, 1972.

Twelve (12) apartments, being apartment nos. 1A, 3A, 6A, 8A, 9A, 10A, 1B, 3B, 6B, 8B, 9B, and 10B, are type "I" apartments. Each type I apartment is built according to a floor plan or its reverse consisting of approximately 1,085 square feet of net living area, and three (3) bedrooms, one and one-half (1-1/2) bathrooms, a kitchen and a living-dining room. Eight (8) of the apartments, being apartment nos. 2A, 4A, 5A, 7A, 2B, 4B, 5B and 7B, are type "II" apartments. Each type II apartment is built according to a floor plan or its reverse consisting of approximately 866 square feet of net living area, and two (2) bedrooms, one (1) bathroom, a kitchen and a living-dining room.

In accordance with local practice, the approximate net living area of each apartment as set forth above includes all of the walls and partitions within the apartment's perimeter walls, but does not include any of its perimeter walls whether load bearing or non-load bearing.

The first digit of each apartment's number indicates the building within which the apartment is located. For example, apartments 1A and 1B are located in building 1. The apartments are located in the project as depicted on the Condominium Map. Each apartment has immediate access to the grounds of the project.

The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter or party walls or interior load bearing walls, the floors and ceilings surrounding each apartment, the roofs or any pipes, wires, conduits or other utility lines running through such apartment which are utilized for or serve more than one apartment, the same being deemed common elements as hereinafter provided. Each apartment shall be deemed to include all the walls and partitions which are not load bearing within its perimeter or party walls, doors and door frames, window and window frames, the inner decorated or finished surfaces of all walls, floors and ceilings, and all fixtures originally installed therein.

COMMON ELEMENTS: One (1) freehold estate is designated in all remaining portions of the project, herein called the "common elements", including specifically but not limited to:

1. The land in fee simple;

2. All foundations, floor slabs, columns, girders, beams, supports, bearing walls, roofs and entries of said buildings;

3. All yards, grounds, landscaping, refuse facilities, walkways, parking areas, driveways and streets;

4. All ducts, electrical equipment, wiring and other central appurtenant installations, including power, light, water, sewer and telephone;

5. All other parts of the project existing for the common use or necessary to the existence, maintenance and safety of the project.

LIMITED COMMON ELEMENTS: No part of the common elements, herein called the "limited common elements", are designated or set aside for the exclusive use of certain apartments.

INTEREST TO BE CONVEYED TO PURCHASERS: Documents filed with the Commission indicate that each purchaser will receive a deed conveying an apartment and an undivided percentage share in the common profits and expenses of the project. Each type I apartment will have appurtenant thereto an undivided 5.44 percent interest and each type II apartment will have appurtenant thereto an undivided 4.34 percent interest in all common elements of the project. Each type of apartment has the same percentage share in all common profits and expenses, and except as otherwise expressly provided, for all other purposes, including voting.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE:

The proposed Declaration provides that the apartments shall be occupied and used for residential use by their respective owners, tenants, families, domestic servants and social guests. The owners of the respective apartments shall have the absolute right to rent or lease such apartments subject to all the provisions of this Declaration and the By-Laws attached hereto.

OWNERSHIP OF TITLE:

A Preliminary Title Report dated November 17, 1983 issued by Long & Melone, Ltd., indicates that the fee simple owner of the property to be submitted to the regime is Princeville Development Corporation, a Colorado corporation.

ENCUMBRANCES AGAINST TITLE: Said Preliminary Title Report of November 17, 1983 states that title to the property is subject to the following encumbrances:

1. For any taxes that may be due and owing and a lien on the land, reference is hereby made to the Office of the Tax Assessor of the Fourth Division, County of Kauai, Hawaii.

2. Easement E-1 (3.00 feet wide) for underground electric cable

3. Easement E-2 for electric transformer use.

4. Easement E-3 (three feet wide) for underground electric cable.

5. Easement E-4 for electric transformer use.

6. Easement E-5 (3.00 feet wide) for underground electric cable.

7. Easement E-6 for electric transformer use

8. Easement E-7 (3.00 feet wide) for underground electrical cable.

9. Easement E-9 for electrical switch unit and handhole.

10. Grant of Easements in favor of Kauai Electric Division of Citizens Utilities Company and Hawaiian Telephone Company, dated December 26, 1974, recorded in the Bureau of Conveyances in Book 10462, Page 349. Granting Easements E-1 through E-7, inclusive and Easement E-9.

11. Designation of roadway easement, area 13,605 square feet, as shown on survey map of A. E. Minnville, Jr., dated April 23, 1974.

12. Dedication of said Lot 1, containing an area of 8,000 square feet, for private park, playground and recreational purposes, by instrument dated August 9, 1977, and recorded in the Bureau of Conveyances in Liber 12387, Page 110.

13. Declaration of Restrictions, Covenants and Conditions by Eagle County Development Corporation (now Consolidated Oil & Gas, Inc.), dated March 1, 1971, and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 7444, Page 93, as amended.

NOTE: All apartment owners are subject to, bound by, and shall comply with the provisions of the Declaration of Restrictions, Covenants and Conditions and shall become a member of the Princeville at Hanalei Community Association, subject to a monthly assessment of Association dues.

14. Lease of Apartment 8A to the State of Hawaii for the use of the Department of Health, Emergency Medical Service Systems Branch by Lease dated July 1, 1982, for a term commencing July 1, 1982 and ending June 30, 1983, recorded in the Bureau of Conveyances in Liber 16617, Page 648.

PURCHASE MONEY HANDLING: A copy of the specimen Owner Occupant Affidavit and Reservation Receipt, Deposit Receipt and Sales Agreement, Addendum to Deposit Receipt and Sales Agreement, Deed and the Escrow Agreement has been submitted as part of this registration. The Escrow Agreement dated September 14, 1983, identifies Long & Melone Escrow, Ltd. as the escrow agent.

Among other provisions, the Escrow Agreement provides that a purchaser under an executed Deposit Receipt and Sales Agreement, upon written request, shall be entitled to a refund of his funds, without interest, and less a cancellation fee of $25.00, if any one of the following shall have occurred: (a) Developer has requested Escrow in writing to return to Purchaser the funds of Purchaser then held by Escrow; or (b) if less than forty-eight (48) hours have elapsed since Purchaser acknowledged receipt of a true copy of the Real Estate Commission's Final Public Report.

The specimen Deposit Receipt and Sales Agreement provides in part that:

"NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS AGREEMENT TO THE CONTRARY, IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT UNLESS AND UNTIL SELLER: (i) OBTAINS THE ISSUANCE BY THE REAL ESTATE COMMISSION OF THE STATE OF HAWAII OF THE FINAL PUBLIC REPORT ON THE PROJECT: AND (ii) HAS RECEIVED FROM BUYER A FULLY EXECUTED RECEIPT FOR THE FINAL PUBLIC REPORT, THAT THIS AGREEMENT SHALL NOT BE BINDING UPON EITHER PARTY HERETO, AND UNTIL SUCH TIME, THIS AGREEMENT MAY BE TERMINATED AT THE OPTION OF EITHER PARTY BY WRITTEN NOTICE OF SUCH TERMINATION TO THE OTHER PARTY. IN THE EVENT OF SUCH TERMINATION BY SELLER, SELLER SHALL CAUSE ESCROW TO REFUND ALL PAYMENTS PREVIOUSLY MADE BY BUYER, WITHOUT INTEREST AND LESS ESCROW'S CANCELLATION FEE OF $25.00, AND NEITHER PARTY SHALL HAVE ANY OTHER OR FURTHER LIABILITY HEREUNDER. IF THIS AGREEMENT IS ENTERED INTO AFTER THE

ISSUANCE OF THE FINAL PUBLIC REPORT, THIS PARAGRAPH SHALL BE OF NO FORCE OR EFFECT AND THIS AGREEMENT SHALL BE FULLY BINDING UPON BUYER AND SELLER UPON ACCEPTANCE OF THIS AGREEMENT BY SELLER.

It is incumbent upon the purchaser and the prospective purchaser that he read with care the Deposit Receipt and Sales Agreement and the executed Escrow Agreement. The latter establishes how the proceeds from the sale of apartments are placed in trust, as well as the retention and disbursement of said trust funds. The speciment Deposit Receipt and Sales Agreement specifically provides that the purchaser approve said Escrow Agreement and assume the benefits and obligations therein provided.

FINANCING: The Developer has received a commitment for permanent financing from the Bank of Hawaii. The total amount of the loans to be made available is $1,000,000.00. The commitment is limited exclusively to owner-occupant loans. A copy of the executed loan commitment letter dated September 9, 1983, which contains the conditions for the making of the loans has been submitted to the Commission and may be reviewed by each purchaser. The Developer disclaims any liability or responsibility for any dealings between purchasers and the Bank of Hawaii.

MANAGEMENT AND OPERATION: The By-Laws, which are incorporated into the Declaration provide that the Board of Directors shall at all times employ a responsible corporate managing agent to manage and control the property subject at all times to direction by the Board of Directors. The specimen Deposit Receipt and Sales Agreement provides that the Developer may and has appointed the initial managing agent for the project. The initial managing agent is Princeville Management Corporation; a subsidiary corporation of the Developer. Princeville Management Corporation's principal place of business is Hanalei, Kauai, Hawaii, and its post office address is P. O. Box 3040, Princeville Contract Station, Kauai, Hawaii 96722. An executed copy of the management contract dated September 14, 1983, has been supplied to the Commission.

CONFORMANCE WITH COUNTY REGULATIONS: The proposed Declaration discloses that the project is in compliance with all ordinances, codes, rules, regulations and other requirements in force at time of its construction and no variance was granted for the project and that with two (2) exceptions, the project is in conformance with all current ordinances, codes, rules and regulations. First the project has thirty-one (31) parking stalls or 1.55 stalls per apartment. At the time the project was developed this was all that was required. However, if the project was to be built today, present County of Kauai regulations would require 2 parking stalls per unit or a total of forty (40) stalls. Second, Building 10 is set back five feet (5') from the adjacent Hanalei Plantation Road right of way. Under the Interim Zoning Ordinance in effect at the time the project was constructed, only a five foot (5') set back was was required. Under the existing Comprehensive Zoning Ordinance, as amended, a ten foot (10') set back from the road right of way is required. Accordingly, Building 10 is a non-conforming building whose location is "grandfathered" under the present Ordinance. In accordance with Section 11 of the Ordinance, Building 10 may continue to be used for residential purposes in its existing location provided that the following requirements are complied with:

a. No structural alterations are made.

b. The building is not enlarged.

c. The cost of the work for ordinary maintenance and repairs does not exceed twenty percent (20%) of the replacement cost of the building in any one year.

d. In the event the building is damaged or destroyed, it may not be reconstructed other than in accordance with the provisions of the Comprehensive Zoning Ordinance unless the cost of reconstruction does not exceed fifty percent (50%) of the replacement cost of the building prior to the damage having occurred, exclusive of foundations. Where reconstruction is permissible, reconstruction shall be completed within one (1) year from the date of damage or destruction and the building as reconstructed shall have no greater floor area than it had prior to being damaged. Where reconstruction is prohibited, the remaining portion of the building shall be removed or brought into conformity with the requirements of the Ordinance. The Department of Public Works of the County of Kauai shall determine the extent of the damage to determine whether the building may be restored in its existing location.

Status of Project: The Developer advises that the project was substantially completed on May 1, 1972

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The Purchaser or prospective Purchaser should be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of Intention submitted September 15, 1983 and information subsequently filed as of December 1, 1983.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1596 filed with the Commission on September 15, 1983. This report when reproduced shall be a true copy of the Commission's Public Report. The paper stock used in making facsimiles must be yellow.

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

Distribution:

DEPARTMENT OF FINANCE
BUREAU OF CONVEYANCES
PLANNING COMMISSION, COUNTY OF KAUAI
FEDERAL HOUSING ADMINISTRATION
ESCROW AGENT

REGISTRATION NO. 1596

December 14, 1983

HALE HONU

Disclosure Statement

Name of Project:	HALE HONU
Location:	Hanalei, Kauai, Hawaii
Developer:	Princeville Development Corporation, a Colorado corporation, duly authorized to do business in Hawaii P. O. Box 121 Hanalei, Kauai, Hawaii 96714 Telephone: (808) 826-6561
Managing Agent:	Princeville Management Corporation, a Hawaii corporation (this company is a subsidiary company of the developer) P. O. Box 121 Hanalei, Kauai, Hawaii 96714 Telephone: (808) 826-6561
Annual Maintenance Fees and Monthly Estimated Costs for Each Partment:	See attachment
Description of Warranties:	Paragraph 4 of the General Terms and Conditions of the Deposit Receipt and Sales Agreement states: No Warranties. THE SELLER MAKES NO WARRANTIES EITHER EXPRESS OR IMPLIED WITH RESPECT TO THE APARTMENT, THE PROPERTY, THE PROJECT, OR CONSUMER PRODUCTS OR OTHER THINGS INSTALLED OR CONTAINED IN THE APARTMENT, THE PROPERTY OR THE PROJECT, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTIBILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR USE.
Residential Use:	The project will contain 20 residential apartments.
Present Condition of Structural Components and Mechanical and Electrical Installation:	Based on a report furnished to the Developer by an independent registered architect, all structural components and mechanical and electrical installations material to the use and enjoyment of the condominium project are in good condition.

PRINCEVILLE MANAGEMENT CORPORATION
1983 OPERATING BUDGET FOR STAFF HOUSING

RECEIPTS:	MONTHLY	ANNUAL
Maintenance Assessment	$ 2,673	$32,064
DISBURSEMENTS:		
Insurance (Bldg. only - $855,000)	262	3,144
Repair & Maintenance	100	1,200
Refuse Pickup	75	900
Water & Sewer Usage	500	6,000
Quarterly Rodent	30	360
Community Association Dues	130	1,560
Grounds Maintenance	800	9,600
Maintenance Service ($12/Unit)	240	2,880
Sub-Total Disbursements	$ 2,137	$25,644
Reserve for Painting (Exterior $45,000) (every 7 years)	535	6,420
Total Disbursements	$ 2,672	$32,064

Individual Apartment Maintenance Fee Schedule

Budget Dated July 12, 1983

Apartment Designation	Number of Units	Percentage of Common Interest	Unit Monthly Maintenance
1	12	5.44	$145.36
11	8	4.34	$115.96

Princeville Management Corporation certifies that the estimated maintenance fees and costs were prepared as of 7/12/83 and are based on generally accepted accounting principles.

PRINCEVILLE MANAGEMENT CORPORATION

By Walter W. Chilling

Its Treasurer