

# 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  
KAPIOLANI/KEEAUMOKU BUSINESS CENTER  
1440 Kapiolani Boulevard  
Honolulu, Hawaii 96814

REGISTRATION NO. 1590

### 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: April 12, 1984  
Expires: May 12, 1985

#### 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 or prospective purchaser is particularly directed to the following:

THIS REPORT REFLECTS INFORMATION DISCLOSED IN THE REQUIRED NOTICE OF INTENTION FILED MARCH 13, 1984. 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. KAPIOLANI/KEEAUMOKU BUSINESS CENTER is a proposed fee simple condominium project consisting of one (1) nine-story building, with one lower arcade level, containing seventy-one (71) commercial apartments and one (1) parking apartment. The parking apartment contains 262 parking spaces (including 36 compact parking spaces). In addition, there are 82 parking spaces (including 18 compact parking spaces) in the project which are limited common elements appurtenant to the parking apartment.

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

3. The basic condominium 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 filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

4. No advertising and 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, as amended, 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 on April 12, 1984, 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 on KAPIOLANI/KEEAUMOKU BUSINESS CENTER 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: KAPIOLANI/KEEAUMOKU BUSINESS CENTER

LOCATION: 1440 Kapiolani Boulevard, Honolulu, Hawaii, with approximately 30,746 square feet of land committed to the Regime.

TAX MAP KEY: FIRST DIVISION: 2-3-016-002.

ZONING: Community Business (B-2).

DEVELOPER: KAPIOLANI-KEEAUMOKU DEVELOPMENT CO., INC., a Hawaii corporation, 839 Kapiolani Boulevard, Honolulu, Hawaii 96813, telephone: 524-4815. The officers of the corporation are Robert J. Austin, President/Secretary, and Minho Yang, Vice President/Treasurer.

ATTORNEY REPRESENTING DEVELOPER: Hamilton, Gibson, Nickelsen, Rush & Moore (Attention: Walter Beh, II), 20th Floor, Hawaii Building, 745 Fort Street, Honolulu, Hawaii 96813, telephone: 521-0400.

DESCRIPTION:

1. Apartments. The proposed Declaration of Horizontal Property Regime and plans submitted by the Developer indicate a fee simple condominium project consisting of one (1) nine-story building, with a lower arcade level, constructed principally of concrete. There will be seventy-one (71) commercial apartments designated in the spaces within the perimeter walls of each of the seventy-one (71) commercial apartment units contained in the building, and one (1) parking apartment designated in the spaces within the perimeter of the lines of the parking stalls that comprise said parking apartment, as designated on the proposed Condominium Map, which spaces are referred to herein as "apartments" and are designated on said plans and described as follows:

COMMERCIAL APARTMENTS

Apartments S1, S2 , S3, S4 and S5 are located on the lower arcade level of the building and contain approximate total areas in the project as set forth below:

	<u>Area</u> <u>(Square Feet)</u>	<u>Common Interest</u>
Apartment S1	2,781	2.4750
Apartment S2	4,620	4.1116
Apartment S3	6,246	5.5587
Apartment S4	3,924	3.4922
Apartment S5	3,909	3.4789

Apartments S6 and S7 are located on the first floor of the building and contain the approximate total areas as set forth below:

	<u>Area</u> <u>(Square Feet)</u>	<u>Common Interest</u>
Apartment S6	5,328	4.7417
Apartment S7	4,000	3.5519

Apartments 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615 and 616 are located on the sixth floor of the building.

Apartments 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715 and 716 are located on the seventh floor of the building.

Apartments 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815 and 816 are located on the eighth floor of the building.

Apartments 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915 and 916 are located on the ninth floor of the building.

Each of the commercial apartments on the sixth, seventh, eighth and ninth floors includes a reception area, one half-bathroom and two, three or four offices. The approximate area, total number of rooms and number of offices of each apartment on the sixth, seventh, eighth and ninth floors are as set forth below:

<u>Apt.</u>	<u>Total Area (Sq. Ft.)</u>	<u>Total No. Rooms</u>	<u>No. of Offices</u>	<u>Common Interest</u>
601	1,155	5	3	1.0279
701, 801, 901	1,155	6	4	1.0279
602, 702, 802, 902, 607, 707, 807, 907, 610, 710, 810, 910, 615, 715, 815, 915	1,623	6	4	1.4444
603, 703, 803, 903, 606, 706, 806, 906	975	5	3	0.8677
604, 704, 804, 904, 605, 705, 805, 905	987	5	3	0.8784
608, 708, 808, 908	1,257	6	4	1.1187
609, 709, 809, 909	1,181	6	4	1.0511
611, 711, 811, 911, 614, 714, 814, 914	975	4	2	0.8677
612, 712, 812, 912, 613, 713, 813, 913	987	4	2	0.8784
616, 716, 816, 916	1,088	6	4	0.9683

NOTE: The floor areas described above are approximate net living areas measured from the interior surfaces of the apartment perimeter walls.

The respective commercial 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 or any pipes, wires, conduits or other utility or service lines running through such apartment which are utilized for or serve more than one apartment. Each commercial 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, windows and window frames, the lanai air space (if any), the inner decorated or finished surfaces of all walls, floors and ceilings, and all fixtures originally installed therein.

#### PARKING APARTMENT

Parking Apartment P1 is comprised of all of the parking stalls located on the first, second, third and fourth floors of the building, all of the parking stalls located on the ramps between the first and second, second and third, and third and fourth floors of the building, and parking stalls D55 through D66, located on the ramp between the fourth and fifth floors of the building, all as shown on the proposed Condominium Map. Parking Apartment P1 contains an aggregate area of approximately 42,527 square feet. The common interest attributable to Parking Apartment P1 is 4.870 percent.

The parking apartment shall be limited within the perimeter of the lines of the parking stalls which collectively comprise such parking apartment. The parking apartment shall include the space within its boundaries and shall include the air space above said parking stalls.

COMMON ELEMENTS: The proposed Declaration provides that 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, unfinished perimeter, party and load-bearing walls, roofs, entries, stairways (except the stairways which are part of apartments, as designated on the Condominium Map), walkways, entrances and exits of said buildings;
3. All yards, grounds and landscaping, including planter boxes and refuse facilities;
4. All parking areas and driveways, except the parking apartment;
5. All pipes, cables, conduits, ducts, electrical equipment, wiring and other central and appurtenant

transmission facilities and installations over, under and across the project which serve more than one apartment for services such as power, light, gas, water, sewer, telephone and television signal distribution, if any; and

6. All elevators, elevator lobbies, tanks, pumps, motors, fans, compressors and ducts;

7. All utility rooms, restrooms and janitor rooms which serve more than one apartment; and

8. 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, herein called the "limited common elements", are designated and set aside for the exclusive use of certain apartments, and such apartments shall have appurtenant thereto easements for the use of such limited common elements as follows:

1. The lobby area on the first floor fronting Apartment No. S7, and the area on the Makaloa Street side of Apartment No. S7, both areas as shown on the Condominium Map and designated as limited common areas for the use of Apartment No. S7, shall be appurtenant to and for the exclusive use of Apartment No. S7;

2. The areas on the sixth, seventh, eighth and ninth floors that are designated "01, 02, 03 Hallway", "06, 07, 08 Hallway", "09, 10, 11 Hallway" and "14, 15, 16 Hallway" shall be appurtenant to and for the exclusive use of the three apartments on the same floor bearing the same last two digits as indicated on the hallway designations;

3. All components of an air conditioning circulation system serving one or more apartments, to the extent such system is located outside the boundaries of such apartments as described herein, shall be a limited common element appurtenant to such apartment or apartments served by such system.

4. Any mechanical, electrical and/or plumbing equipment located on the second floor of the building which serves one or more of Apartments S1, S2, S3, S4, S5, S6 or S7 shall be a limited common element appurtenant to the apartment or apartments served by such equipment.

5. Except for the parking stalls which collectively comprise the parking apartment, all of the parking stalls in the project shall be appurtenant to and for the exclusive use of Parking Apartment P1.

Notwithstanding any provision herein to the contrary, all costs and expenses, including but not limited

to maintenance, repair, replacement, additions and improvements to any of the aforementioned limited common elements of the project, shall be charged, on a pro rata basis, to the owner or owners of the apartment(s) to which the limited common element is appurtenant.

PARKING STALLS: At the time of the issuance of this Report, eighty-two (82) parking stalls, comprising the remaining parking stalls in the project, are designated as limited common elements of Parking Apartment P1. The Developer expressly reserves the right to (i) reduce or increase the number of parking apartments, (ii) designate one or more of the parking stalls that presently comprise Parking Apartment P1 as a limited common element appurtenant to one or more other apartments, and/or (iii) designate one or more of the parking stalls that are presently appurtenant to Parking Apartment P1 as a limited common element appurtenant to one or more other apartments. In addition, the Developer reserves the right to alter the layout of certain parking spaces as necessary to accommodate the possible addition of a trash chute and to allow additional access to elevators. These changes will not reduce or increase the aggregate common interest of the parking apartment(s). Should the Developer exercise these reserved rights, appropriate changes will be made to the proposed Declaration before its recordation.

ALTERATION OF PROJECT: Subject to the provisions set forth in the Declaration, certain alterations to the project may be made by owners of two or more contiguous apartments. An owner of two or more contiguous commercial apartments separated only by a common element (i.e. wall or ceiling) may alter or remove said common element. In addition, the owner or owners of the three apartments in any corner of the sixth, seventh, eighth or ninth floors may alter or extend said apartments to include the hallway area designated on the Condominium Map as appurtenant to said apartments. Such alteration to the intervening common elements or to the hallway will be allowed with the prior written consent of the Board of Directors and mortgagees of the apartments, provided that such alteration does not affect the structural integrity of the building and provided that the other conditions and provisions of the Declaration pertaining to such alterations are met.

The Developer reserves the right to make the following alterations to the project:

1. Increase or decrease the total number of apartments located on the basement level and first floor of the building by partitioning and/or consolidating said apartments, and add ventilation ducts as may be necessary to accommodate the proposed uses of said apartments. These changes will not increase or decrease the aggregate interior area or common interest of said apartments.

2. Addition of a trash chute in the building, which may affect the area and layout of Apartments 601, 701, 801 and 901.

3. Alteration of the loading area on the first floor and ramp between the first and second floors of the building, which may affect the air space of Apartment S4.

4. Designation of the areas on the fifth floor of the building designated "Mechanical Space" on the Condominium Map as limited common elements appurtenant to an apartment or apartments.

COMMON INTEREST AND EXPENSES: Each apartment shall have appurtenant thereto an undivided percentage interest in all common elements of the project (herein called the "common interest") as set forth above, and the same proportionate share of all common profits and expenses of the project and for all other purposes, including voting. The percentage common interest appurtenant to Parking Apartment P1 is 4.870 percent, based upon the Developer's estimate of the portion of the daily maintenance of the project attributable to the parking apartment. The remaining percentage common interest has been allocated among the commercial apartments approximately upon the basis of the respective floor areas of the apartments.

Each purchaser will secure an Apartment Deed conveying an apartment, together with said undivided interest in the common elements of the project.

COMMON EXPENSES: 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, including any limited 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, and any premiums for hazard and liability insurance herein required with respect to 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, and charges, including those for utilities, which are separately metered, shall not be common expenses of the Horizontal Property Regime hereby created and no payments thereof shall be payments of such common expenses. The Board of Directors 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, in accordance with the provisions of Chapter 514A, Hawaii Revised Statutes.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The apartments shall be occupied and used only for purposes

permitted from time to time by applicable zoning ordinances, rules and regulations of the City and County of Honolulu and for no other purpose.

The parking apartment is intended and shall be used for the parking of motor vehicles, subject to any limitations contained in the Declaration and the By-Laws. The owner or owners of Parking Apartment P1 shall have the absolute right to lease all or part of said parking apartment for any period of time to any owner and to lease all or part of said parking apartment to a non-owner on a daily basis, subject to all provisions of the Declaration and the By-Laws.

Vehicular access to said parking apartment shall be restricted to the owner of Parking Apartment P1, subject to the rights of access to the remaining parking spaces and subject to all provisions of the Declaration and the By-Laws. The Association shall restrict vehicular access to the parking spaces which are not part of Parking Apartment P1 to the owners of such spaces.

No apartment owner shall use his apartment or appurtenant limited common elements for any purpose which will injure the reputation of the property, or suffer anything to be done or kept in his apartment or elsewhere on the property which will (i) jeopardize the soundness of the property, or (ii) interfere with or unreasonably disturb the rights of other owners and occupants, or (iii) obstruct the lobbies, corridors, elevators or stairways of the building, or (iv) reduce the value of the property, or (v) increase the rate (unless such owner pays such increase) or result in the cancellation of fire or liability insurance on any apartment or the contents thereof.

OWNERSHIP OF TITLE: A preliminary title report dated February 15, 1984, issued by Title Guaranty of Hawaii, Inc., indicates that the fee simple title to the property submitted to the regime is vested in Philip Arthur Thompson. By Agreement of Sale dated June 1, 1983, Philip Arthur Thompson agreed to sell and Richard Daniel Smith and Carol Lea Smith agreed to purchase a leasehold interest in the property with an option to purchase the fee interest. By Agreement dated November 10, 1983 (hereinafter the "Agreement"), the Smiths agreed to sell and Robert J. Austin and Gerald K. Lee agreed to purchase said property. The rights of said Robert J. Austin and Gerald K. Lee in said Agreement have been assigned to the Developer by instrument dated March 12, 1984 (hereinafter the "Assignment"). A copy of the Master Deed to Thompson, the Agreement of Sale, the Agreement and Assignment has been submitted to the Commission. The Developer is presently involved in litigation concerning enforcement of its rights under the Agreement and Assignment, being Civil No. 81510, First Circuit Court of the State of Hawaii. The Developer anticipates that fee simple title to said property will be vested in the Developer prior to the

completion of construction of the project and conveyance of the apartments to individual purchasers.

ENCUMBRANCES AGAINST TITLE: The preliminary title report dated February 15, 1983, issued by Title Guaranty of Hawaii, Inc., submitted to the Commission, provides that the following are encumbrances against title to the property:

1. For any taxes that may be due and owing, reference is hereby made to the Office of the Tax Assessor, First Division.

2. The terms and provisions of lease dated August 22, 1946, made by and between Hawaiian Dredging Company, Limited, as Lessor, and Electrical Distributors, Limited, a Hawaii corporation, as Lessee, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 86943, as amended, which said lease, as amended, by mesne assignments, was assigned to Philip Arthur Thompson, unmarried, by instrument dated December 12, 1979, filed as aforesaid as Document No. 990791.

Said lease is subject to the following:

(a) Agreement of Sale dated June 1, 1983, filed as aforesaid as Document No. 1174837, made by and between Philip Arthur Thompson, as Seller, and Richard Daniel Smith and Carol Lea Smith, as Buyer.

3. Unrecorded sublease dated September 10, 1982, made by and between Philip Arthur Thompson, as Sublessor, and Brothers, Inc., a Hawaii corporation, as Lessee, which said sublease is subject to that certain unrecorded indenture of lease dated September 15, 1982, made by and between Brothers, Inc., a Hawaii corporation, as Lessor, and Jae Kil Woo, aka Jaco Woo, and Wee Gon Woo, aka Irene Woo, husband and wife, as Lessees. The interest of Jae Kil Woo and Wee Gon Woo is subject to that certain Federal Tax Lien dated December 20, 1983, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 17538, Page 91, against Myung Dong Restaurant, a partnership, Jaco and Irene Woo, partners.

4. Any unrecorded tenant leases. The Developer represents that there are no unrecorded tenant leases.

5. Provisions of mortgage dated June 24, 1983, filed as aforesaid as Document No. 1177775, and assignment of Lessor's and sublessor's interests dated June 24, 1983, filed as aforesaid as Document No. 1177776, both in favor of Bank of Hawaii, a Hawaii corporation.

6. The proceedings in Civil No. 81510, First Circuit Court of the State of Hawaii, filed on February 8, 1984.

PURCHASE MONEY HANDLING: Copies of the executed Escrow Agreement dated March 7, 1984, between Hawaii

Escrow & Title, Inc., as Escrow, and the Developer and a specimen Condominium Reservation Agreement, Deposit Receipt & Contract have been filed with the Commission. On examination, the executed Escrow Agreement and the Sales Contract filed with the Commission are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended.

Among other provisions, the executed Escrow Agreement states that a purchaser shall be entitled to a refund of his funds, and Escrow shall pay said funds to said purchaser, without interest and less Escrow's cancellation fee, if purchaser shall in writing request refund of his funds and any one of the following shall have occurred:

(a) Escrow receives a written request from Seller and purchaser to return to purchaser the funds of such purchaser then held hereunder by Escrow; or

(b) If purchaser's funds were obtained prior to the issuance of a Final Public Report and if there is any change in the building plans, subsequent to the execution of purchaser's contract, requiring the approval of the county officer having jurisdiction over the issuance of permits for construction, unless such change is specifically authorized by the Declaration or by the terms of the sales contract or unless the purchaser has given written approval or acceptance of the change, or ninety (90) days have elapsed since the Purchaser has accepted in writing the apartment or he has first occupied the apartment; or

(c) If the purchaser's funds were obtained prior to the issuance of a Final Public Report and the Final Public Report differs in any material respect from the Preliminary Public Report, unless the purchaser has given written approval or acceptance of the difference; or

(d) If the Final Public Report is not issued within one year from the date of issuance of the Preliminary Public Report; provided that if the Final Public Report is issued after the one-year period and a copy of the Final Public Report is delivered to the purchaser either personally or by registered or certified mail with return receipt requested, notwithstanding any law to the contrary, the purchaser shall have thirty (30) days from the date of delivery to exercise his right of refund and cancellation of obligation, after which period such right shall be deemed waived; provided, further, that such waiver shall be effective only if at the time the purchaser receives a copy of the Final Public Report, he is notified in writing of his right of refund and cancellation of obligation and the waiver of such right upon his failure to act within the thirty (30) day period.

The specimen Sales Contract filed with the Commission contains, among others, the following provisions:

(a) Seller anticipates but does not warrant that the construction contract with the general contractor for the project will contain a clause similar to Section 13.2.2 of AIA Document A201, which provides in pertinent part that:

"If, within one year after the Date of Substantial Completion . . . , any of the Work is found to be defective or not in accordance with the Contract Documents, the Contractor shall correct it promptly after receipt of a written notice from the Owner to do so unless the Owner has previously given the Contractor a written acceptance of such condition."

Seller makes no warranties itself, but Seller agrees that the assignment by Seller to purchaser of any and all warranties given Seller by the general contractor for the project, including the above-described contractor's agreement to promptly correct any of its work found to be defective or not in conformance with the construction contract for a period of one (1) year after the "Date of Substantial Completion" of the apartment as defined in the construction contract and the benefit of such agreement shall accrue to purchaser on closing without further instruments or documents. Seller agrees to cooperate with purchaser during the effective period of such agreement in asserting any claims based thereon. Purchaser agrees that Seller is not adopting the contractor's warranty or acting as co-warrantor but is merely attempting to pass through to purchaser the benefit of any such contractor's warranty, if any.

Seller shall also assign to purchaser the unexpired term, if any, of any manufacturer's or dealer's warranties covering any furnishings, fixtures and appliances in the apartment. The Seller is only passing through to Buyer any such manufacturer's or dealer's warranties; Seller is not undertaking to adopt any such warranties or to act as co-warrantor with respect to any furnishings, fixtures or appliances. The terms of the manufacturer's or dealer's written warranties are available for the purchaser's examination at the Seller's sales office.

Except for the agreements above, SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, CONSUMER PRODUCTS INSTALLED THEREIN, THE PROJECT OR ANYTHING INSTALLED THEREIN, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS OF THE APARTMENT FOR A PARTICULAR PURPOSE.

(b) Reservation Agreement. Notwithstanding any other provision in the Sales Contract to the contrary, 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 purchaser a fully executed receipt for the Final Public Report, the Sales Contract shall represent only a reservation by the purchaser and shall not be binding upon either party, and until such time, the Sales Contract may be terminated at the option of either party. In the event of such termination, Seller shall cause Escrow to refund all payments previously made by purchaser, less Escrow's cancellation fee, without interest, and neither party shall have any other or further liability thereunder. If the Sales Contract 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 purchaser and Seller upon acceptance of the Sales Contract by Seller as provided in Paragraph "F-23" of the Sales Contract.

(c) Final closing shall occur on the Date of Closing. However, purchaser is advised that Seller intends to preclose, regardless of the status of the construction of the apartments, by having all documents necessary for closing executed prior thereto and deposited with Escrow, and purchaser agrees to execute all necessary documents for such closing, including irrevocable escrow instructions, upon request by Seller.

(d) In the event any payment to be made by purchaser is not made when due, such late payment shall bear interest at the rate of one percent (1%) per month until paid.

NOTE: PROSPECTIVE PURCHASERS SHOULD BE AWARE THAT THE SELLER'S MORTGAGE LOANS (CONSTRUCTION, RENEWALS AND EXTENSIONS) FOR THE PROJECT SHALL BE AND REMAIN AT ALL TIMES A SUPERIOR LIEN ON THE PROJECT, AND PURCHASERS INTENTIONALLY WAIVE AND SUBORDINATE THE PRIORITY OF LIEN UNDER THE SALES CONTRACT IN FAVOR OF THE MORTGAGE LOANS.

NOTE: DEVELOPER ADVISES THAT NO REPRESENTATIONS OR REFERENCES WILL BE MADE TO EITHER PURCHASERS OR PROSPECTIVE PURCHASERS CONCERNING RENTAL OF THE APARTMENT, INCOME FROM THE APARTMENT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE RENTAL OF THE APARTMENT, INCLUDING BUT NOT LIMITED TO, ANY REFERENCE OR REPRESENTATION TO THE EFFECT THAT DEVELOPER OR THE MANAGING AGENT OF THE PROJECT WILL PROVIDE, DIRECTLY OR INDIRECTLY, ANY SERVICES RELATING TO THE RENTAL OR SALE OF THE APARTMENT. RENTAL OF THE APARTMENT AND THE PROVISIONS OF MANAGEMENT SERVICES IN CONNECTION THEREWITH IS AND SHALL BE THE SOLE RESPONSIBILITY OF THE PURCHASER.

It is incumbent upon the purchaser and the prospective purchaser that he read with care the Sales Contract and the executed Escrow Agreement. The latter establishes how the proceeds from the sale of apartments

are placed in trusts, as well as the retention and disbursement of said trust funds. The specimen Sales Contract specifically provides that the purchaser approves said Escrow Agreement and assumes the benefits and obligations therein provided.

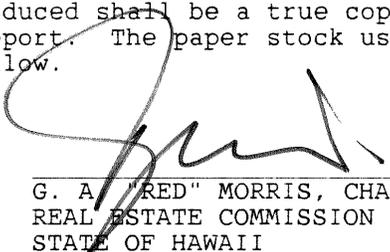
MANAGEMENT OF THE PROJECT: The By-Laws provide that the operation of the project shall be conducted for the Association of Apartment Owners under the direction of the Board of Directors by a responsible corporate managing agent. The Developer advises that it proposes to appoint Hawaiian Trust Company, Limited, P. O. Box 3170, Honolulu, Hawaii 96802, telephone 525-8511, as the initial managing agent.

STATUS OF PROJECT: The Developer has advised the Commission that construction of the project has not commenced but that it estimates construction of the project will begin by May, 1984, with an estimated date of completion of June, 1985.

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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 March 13, 1984.

This is a PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT which is made a part of REGISTRATION NO. 1590 filed with the Commission on March 13, 1984.

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.

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

Distribution:

DEPARTMENT OF FINANCE,  
CITY AND COUNTY OF HONOLULU  
BUREAU OF CONVEYANCES  
PLANNING COMMISSION,  
CITY AND COUNTY OF HONOLULU  
FEDERAL HOUSING ADMINISTRATION  
ESCROW AGENT

REGISTRATION NO. 1590

April 12, 1984