

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**

MAILE APARTMENTS
727 Makaleka Avenue
Honolulu, Hawaii 96816

REGISTRATION NO. 1640 (CONVERSION)

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: November 1, 1984

Expires: December 1, 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 SUBMITTED October 1, 1984 AND INFORMATION SUBSEQUENTLY FILED AS OF October 26, 1984. 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. MAILE APARTMENTS is a proposed fee simple condominium project consisting of twelve (12) residential apartment units in an existing four (4)-story building without basement, and twelve (12) parking stalls on the first level of the building. The building is approximately 15 years.
2. The Developer has submitted to the Commission for examination all documents necessary for the issuance of this Preliminary Public Report.
3. No advertising or promotional matter has been submitted to the Real Estate Commission of the State of Hawaii.
4. The basic documents (Declaration of Horizontal Property Regime, By-Laws of Association of Apartment Owners and a copy of the proposed Condominium Map) have not been recorded as of this date in the office of the recording officer.
5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A of the Hawaii Revised Statutes, as amended (the Horizontal Property Act) 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, November 1, 1984, unless a Final or Supplementary Public Report is issued, or the Commission, upon review of the registration, issues an order extending the effective period of this report.
7. This Preliminary Public Report is made a part of the registration on the "MAILE APARTMENTS" condominium project. The Developer is responsible for placing a true copy of this Preliminary Public Report (yellow paper stock) together with Disclosure Abstract in the hands of all purchasers and prospective purchasers and for securing a signed copy of the Receipt therefor.

NAME OF PROJECT: MAILE APARTMENTS

LOCATION: The land submitted to the Regime, approximately 6000 square feet, is located at 727 Makaleka Avenue, Honolulu, Oahu, Hawaii 96816.

TAX MAP KEY: FIRST DIVISION 2-7-34-14

ZONING: A-2

DEVELOPER: WAIKIKI APPAREL, INC., a Hawaii corporation whose principal place of business and post office address is 835 Keeaumoku Street, Suite 101, Honolulu, Hawaii 96814, Telephone: 949-3443. The Officers of Waikiki Apparel, Inc. are:

JAMES H. HIGA	President
CLYDE H. HIGA	Vice President
FUMIKO HIGA	Secretary/Treasurer

ATTORNEY FOR DEVELOPER: Gerson & Boccuto, 915 Fort Street, Suite 504, Honolulu, Hawaii 96813 (Attention: Nancy N. Grekin), Telephone: 524-4800.

DESCRIPTION: The proposed Declaration provides that the building constructed on the property to be submitted to the Regime will be converted to condominium use.

1. Description of Building.

(a) General Description. The Project consists of a single-loaded 4-story building with no basement. The first floor contains parking spaces only and is designated the "Ground Level". The upper levels are designated "floors" and are given numerical designations in ascending order from 2 through 4.

(b) Access to Common Elements. Each apartment has direct access to an outside hallway leading to two outside stairwells, one at each end of the building, which stairwells lead to the Ground Level.

(c) Number of Apartments. The apartment building contains a total of twelve (12) residential apartments, each of which constitutes an "apartment" as defined and used in Chapter 514A of the Hawaii Revised Statutes, and constitutes a separate estate. All apartments contain two (2) bedrooms and one (1) bathroom.

(d) Construction Materials. The building is constructed of concrete hollow tile.

2. Description of Apartments.

(a) Types and Locations of Apartments. Each of the upper three (3) floors, which are designated 2, 3 and 4 in ascending order, contains four (4) apartments. There are two (2) types of apartments designated as "Type A" and "Type B". Each apartment contains five (5) rooms, including a living room, kitchen, bathroom and two (2) bedrooms. The square footage of each apartment is set forth in Exhibit "A" attached hereto and made a part hereof and has been measured from the interior surface of the apartment perimeter walls.

The apartments are designated by three-digit numbers, the first digit of which corresponds to the floor on which the apartment is located, the second digit of which is a "zero" and the third digit of which designates the location of the apartment on the floor. The third digit of the apartment number ascends consecutively from 1 to 4 beginning at the Ewa end of the building.

Apartments with numbers ending in 1 and 4 are Type A apartments and identical, except that the layout of apartments with numbers ending in 4 is a mirror image of the layout of apartments with numbers ending in 1. Apartments with numbers ending in 2 and 3 are Type B apartments and identical, except

that the layout of apartments with numbers ending in 3 is a mirror image of the layout of apartments with numbers ending in 2.

(b) Inclusions and Exclusions from Apartments.

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

(c) Access to Common Elements. Each apartment has direct access to an outside hallway leading to two outside stairwells, one at each end of the building, which stairwells lead to the Ground Level.

COMMON ELEMENTS: The common elements include the limited common elements described below, all other portions of the Project other than the apartments, and all other common elements mentioned in the Horizontal Property Act which are actually included in the Project, including specifically, but not limited to:

(a) The Land in fee simple;

(b) All foundations, floor slabs, beams, columns, supports, girders, unfinished perimeter and load-bearing walls, walkways, ramps, fences, railings and roofs;

(c) All parking areas, driveways, roadways, pavements, walkways, planted areas, grounds, landscaping and mailboxes;

(d) All ducts, electrical equipment, wiring, pipes 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, water, sewer, telephone and radio and television signal distribution;

(e) Ground Floor laundry room and washers and dryers therein;

(f) Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance and safety, or normally in common use.

LIMITED COMMON ELEMENTS: Certain parts of the common elements (the "limited common elements"), are set aside and reserved for the exclusive use of certain apartments, as follows:

(a) The parking stalls designated in Exhibit "A" attached hereto and made a part hereof which are appurtenant to the apartment designated.

(b) The mailboxes, each of which is designated by the apartment number to which it is appurtenant.

INTEREST TO BE CONVEYED TO PURCHASER: The undivided percentage ownership in the common elements (the "Common Interest") appertaining to each apartment and its owner for all purposes including voting shall be as listed by apartment number in Exhibit "A" attached hereto.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The apartments shall be occupied and used as permanent or temporary residences, lodging or rental and for no other purposes. The apartment owners shall have the absolute right to rent or lease their apartments, subject to the limitations, restrictions, covenants and conditions contained in the Declaration or By-laws.

Purchasers and prospective purchasers are advised to read with care the proposed House Rules for the Project which among other things provide that:

(a) Occupancy is limited to not more than two (2) persons per bedroom of each apartment;

(b) No household pets may be kept by owners except with prior written permission of the Board of Directors.

OWNERSHIP OF TITLE TO LAND: The Preliminary Title Report issued and prepared by Title Guaranty Hawaii, Inc. dated September 10, 1984 states that fee simple title to the land is vested in Fumiko Higa (the "Owner"). By Option Agreement dated September 25, 1984, the Owner has granted an exclusive option to the Developer to acquire the Project.

ENCUMBRANCES AGAINST TITLE: The Preliminary Title Report dated September 10, 1984, prepared by Title Guaranty of Hawaii, Inc. describes the following encumbrances:

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

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

3. Mortgage dated March 8, 1978 in favor of Amfac Financial Corporation, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 12765, Page 181, assigned to Far West Federal Savings by instrument dated March 9, 1978, recorded in said Bureau in Liber 12765, Page 190.

4. Mortgage dated May 9, 1983 in favor of GECC Financial Corporation recorded in said Bureau in Liber 17034, Page 396.

5. Assignment of Lessor's Interest as Security dated May 9, 1983 in favor of GECC Financial Corporation recorded in said Bureau in Liber 17034, Page 417.

6. Deficiency judgment in favor of Hawaii Thrift and Loan Incorporated dated October 14, 1983 filed in the Circuit Court of the First Circuit, State of Hawaii, Civil No. 68932, on October 20, 1983 and recorded in said Bureau in Liber 17399, Page 70.

NOTE: The Developer advises the Commission that the Option Agreement provides that prior to conveyance of the Project to the Developer, the liens described as items 4, 5 and 6 above will be fully released and discharged.

The Developer further advises the Commission that the apartments comprising the Project are presently occupied by tenants, most of whom reside there on month-to-month leases. The Owner has given these tenants notice to vacate as of November 30, 1984. As provided in the Horizontal Property Act, each of these tenants has a right of first refusal to purchase the apartment in which they reside.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated September 21, 1984, between Bank of Hawaii, as Escrow Agent, and Developer, has been filed with the Commission. On examination, the specimen Reservation Agreement, Sales Contract and Receipt (Sales Contract) and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended.

The executed Escrow Agreement provides in part that if at any time (a) Escrow receives a written request from Developer to return the funds of a purchaser then held by Escrow; (b) If a purchaser's funds were obtained prior to the issuance of the final public report and the purchaser's written request for a return of the funds is given to Escrow prior to midnight of the thirtieth day following the date of delivery of the final public report to the Purchaser; (c) Developer notifies Escrow in writing of the Developer's exercise of its option to rescind or cancel the purchaser's Sales Contract pursuant to any right of rescission or cancellation stated therein; (d) The conditions provided for a refund under Section 514A-63 of the Horizontal Property Act (as amended on the date upon which the purchaser's Sales Contract becomes binding and effective) have been met, and written notice thereof has been provided to the Developer; or (e) Developer notifies Escrow in writing of purchaser's cancellation of a reservation for the purchase of an apartment or of purchaser's exercise of the right to rescind or cancel his Sales Contract pursuant to any right of rescission or cancellation stated therein or under the Horizontal Property Act, then in such event, Escrow shall return such purchaser's funds, without interest and less (1) Escrow's cancellation fee of \$35.00, and (2) processing costs and cancellation fees of any lending institution as provided in the Sales Contract.

The Sales Contract provides that if Seller cancels the Sales Contract for any reason other than the default of Purchaser, it will pay any escrow fees or escrow cancellation fees of Purchaser. The Sales Contract further provides that if Purchaser exercises his or her right to cancel pursuant to

§514A-62, HRS, Seller may deduct no more than \$250.00 of such costs from Purchaser's deposit. Upon the return of said funds to a purchaser as aforesaid, Escrow shall return to Developer any signed conveyancing documents theretofore delivered to Escrow pursuant to the Sales Contract. Other documents delivered to Escrow relating to the sale of the apartment identified in such Sales Contract will be returned to the person from whom or entity from which they were received.

NOTE: Prospective purchasers should be aware that:

1. The Mortgages and other liens now existing and which will secure the Developer's renovation loan (renewals and extensions) shall be and remain at all times a superior lien on the Project, and purchasers intentionally waive and subordinate their interests under the Sales Contract in favor of the priority of all such liens.

2. It is incumbent upon the prospective purchaser that he read with care the specimen Sales Contract 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 the proceeds of said trust fund. The Sales Contract sets forth when Purchaser's payments are payable. All payments other than funds from any mortgage lender must be paid to escrow at the times specified in the Sales Contract.

3. The specimen Sales Contract provides that said agreement is only a reservation agreement until (a) the Developer sends the purchaser a Receipt and Notice of Right to Cancel ("Receipt") and (b) the purchaser executes the Receipt and returns it to Developer whereupon it shall become a binding sales contract (subject only to any applicable provisions of the Horizontal Property Act). Until the Receipt is signed by the purchaser, the Sales Contract may be unconditionally cancelled at any time by either the Developer or the purchaser (at which time the purchaser's deposit will be refunded in full). Purchaser will be responsible for any mortgagee's processing costs and cancellation fees in the event of a cancellation of the Sales Contract, except only in the limited situation described in Section D.27(c) of the Sales Contract.

4. As provided in Section D.20 of the Sales Contract, the purchaser acknowledges that minor renovation activity may continue on the site after purchaser has occupied his apartment, which may result in noise, dust or other annoyances. In addition, as further provided in said Section D.20, the Developer may use parking spaces appurtenant to unsold apartments and is granted access to the common areas of eighteen months following the Purchaser's Closing Date or until the last apartment is sold.

5. The purchaser's attention is directed to paragraph 15 of the proposed Declaration, and Sections D.5 and D.6 of the Sales Contract which together reserve to the Developer a right to make certain specified changes to the Project and the Project Plans and to amend the Declaration as may be

necessary to comply with the provisions of law, the requirements of any title insurance company, institutional mortgage lender or governmental agency, or to carry out the changes to the Project set forth in said paragraphs.

6. Prospective purchasers should be aware that the Developer may require preclosing of the purchase upon five (5) days notice at any time after the Effective Date of the Sales Contract, and that the Purchaser will be required to complete and execute all documents necessary for closing at the time of preclosing.

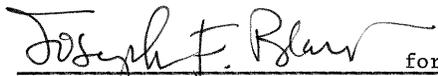
MANAGEMENT OF THE PROJECT: The proposed By-Laws vest in the Board of Directors the power and duties necessary for the administration of the overall affairs of the Project. The proposed By-Laws submitted to the Commission permit the Developer to appoint the initial managing agent for the Project. As of the date of this Report, the Developer has not yet determined whether it will appoint an initial Managing Agent.

STATUS OF PROJECT: The Developer is negotiating a construction contract for the renovation of the Project. By letter dated September 10, 1984, the Director of Honolulu's Building Department verified that at the time of the building's construction in 1969, the structure met all code requirements and no variances or special permits were granted.

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 October 1, 1984 and information subsequently submitted as of October 26, 1984.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1640 filed with the Commission on October 1, 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 in color.

 for

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. 1640

November 1, 1984

EXHIBIT "A"

<u>Apartment</u>	<u>Net Living Area (sq.ft.)</u>	<u>Lanai Area (sq.ft.)</u>	<u>Parking Stall</u>	<u>Percentage Common Interest</u>
201	678	125	4	8.33
202	671	114	3	8.33
203	671	114	5	8.33
204	678	125	6	8.33
301	678	125	1	8.34
302	672	114	2	8.33
303	672	114	7	8.33
304	678	125	8	8.34
401	678	125	9	8.34
402	672	114	10	8.33
403	672	114	11	8.33
404	678	125	12	8.34