

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

FINAL
HORIZONTAL PROPERTY REGIMES (CONDOMINIUM)
PUBLIC REPORT

on
KAHALUU REEF
78-6665 Alii Drive
Kahaluu, North Kona, Hawaii

REGISTRATION NO. 1665

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 until

- (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: February 22, 1985
EXPIRES: March 22, 1986

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 January 24, 1985, AND INFORMATION SUBSEQUENTLY FILED AS OF February 15, 1985. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF HIS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. The KAHALUU REEF condominium project is a fee simple condominium which consists of eight residential apartments and ten parking stalls.

2. The Developer of the Project has submitted to the Commission for examination all documents deemed necessary for registration of the Project and the issuance of this Final Public Report.

3. The Declaration of Horizontal Property Regime for KAHALUU REEF and the By-Laws for KAHALUU REEF, both dated December 21, 1984, were recorded in the Bureau of Conveyances of the State of Hawaii in Liber 18380 at Page 125 and in Liber 18380 at Page 141, respectively. The floor plans were filed in said Office as Condominium File Plan No. 941.

4. The Developer has filed all advertising and promotional material for the Project pursuant to the rules and regulations promulgated by the Commission.

5. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A, Hawaii Revised Statutes, as amended, and the rules and regulations promulgated thereunder which relate to horizontal property regimes.

6. This Final Public Report is made a part of the registration of KAHALUU REEF condominium project. The Developer is responsible for placing a true copy of this Final Public Report (white paper stock) and attached Disclosure Abstract in the hands of all purchasers or prospective purchasers. It is also the responsibility of the Developer to obtain the required receipts signifying that the purchaser has had an opportunity to read this Report.

7. This Final Public Report automatically expires thirteen (13) months after date of issuance, February 22, 1985, unless a Supplementary Public Report is issued or the Commission, upon review of the registration, issues an order extending the effective period of this report.

NAME OF PROJECT: KAHALUU REEF

LOCATION: The project is located at 78-6665 Alii Drive, Kahaluu, North Kona, County of Hawaii, State of Hawaii and has a land area of approximately 10,000 square feet, more or less.

TAX KEY: Third Division, 7-8-14:15

ZONING: Resort.

DEVELOPER: Sidney K. Kaide, husband of Terry T. Kaide, 720 Wai'anuenue Avenue, Hilo, Hawaii 96720, Telephone: (808) 935-6755.

ATTORNEY REPRESENTING DEVELOPER: CARLSMITH, WICHMAN, CASE, MUKAI & ICHIKI, 1001 Bishop Street, Suite 2200, Honolulu, Hawaii 96813, Telephone: (808) 523-2500 (Attn: Wesley Y. S. Chang, Esq.).

DESCRIPTION OF PROJECT: The Declaration indicates that the project consists of a total of eight (8) separate condominium apartments, together with ten (10) separate parking stalls of which three (3) are covered stalls and the balance are open stalls.

The apartments have been designated as Apartments 101, 102, 201, 202, 203, 301, 302 and 303. When viewed from Alii Drive, the apartments are consecutively numbered from left to right. Apartments 101 and 102 are situate on the ground floor of the Project; Apartments 201, 202 and 203 are situate on the second floor of the Project; and Apartments 301, 302 and 303 are situate on the third floor of the Project. The apartments are located as shown on said Condominium File Plan No. 941 and recorded in the Bureau of Conveyances of the State of Hawaii. None of the apartments have any basement. The apartments are constructed principally of wood, glass and related building materials on a reinforced concrete slab foundation.

Description of Apartments. Each apartment consists of seven rooms, including two bedrooms, two bathrooms, a kitchen, a laundry room and a living/dining room. Each apartment contains a living area of approximately one thousand eight (1,008) square feet, as well as a separate deck. The decks for Apartments 101 and 102 contain approximately one hundred twelve (112) square feet, and the decks for Apartments 201, 202, 203, 301, 302 and 303 contain approximately one hundred sixty-eight (168) square feet. The living areas of the respective apartments were measured from the interior surfaces of the perimeter walls and deemed net floor areas.

Limits of Apartments. The Declaration provides that the apartments shall not be deemed to include 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 provided in the Declaration.

Each apartment is deemed to include all the walls and partitions within its perimeter walls, all walls, floor slabs, footings, interior floors, ceilings and roofs, doors and door frames, windows and window frames, any appurtenant lanais and terraces, its appurtenant entry and stairway, any appurtenant decks, any appurtenant balcony or balconies, and all fixtures originally installed therein.

Access. Each apartment on the ground floor has immediate access to the grounds of the Project by means of its entry, and each apartment on the second and third floors of the Project has access to the grounds of the Project by means of a corridor running the length of the building providing access to exterior stairways situate on both ends of the building and leading to the parking areas and grounds of the Project.

COMMON ELEMENTS. The recorded Declaration states that the common elements shall include the limited common elements described below, and all portions of the land and improvements other than the apartments, including the buildings, the land on which the buildings are located and all common elements mentioned in the Horizontal Property Act which are actually constructed on the land

described in the Declaration. Said common elements shall include, but shall not be limited to:

- (a) The land described in the Declaration.
- (b) All foundations, columns, girders, beams, floor slabs, supports, unfinished perimeter and load-bearing walls (except for the inner decorated surface within each apartment), the roof, stairways, walkways, storage rooms, hallways, access corridors and entrances and exits of said building.
- (c) The stone wall surrounding the Project, all fences, walls, yards, grounds, trees, landscaping and like facilities.
- (d) All roads, driveways, loading areas, parking area entryways and exitways.
- (e) The Recreation Room, Managing Agent's Office, and Restroom and Shower Facilities situate on the ground floor of the Project.
- (f) Parking Stalls 1 and 2 of the Project, which are designated as guest parking stalls.
- (g) All central and appurtenant installations for services such as power, lights, telephone, gas, hot and cold water lines, television lines, sewage disposal and other utilities (including all pipes, ducts, wires, cables and conduits used in connection therewith, whether located in common areas or in apartments), the trash bin enclosure situate adjacent to parking stall 1, all tanks, pumps, motors, fans, ducts, and any other apparatus and installations existing for common use.
- (h) Any and all other appurtenant and installations of common use and all other parts of the property necessary or convenient to its existence, maintenance and safety, and normally in common use and which are not part of any apartment.

LIMITED COMMON ELEMENTS. Certain parts of the common elements, hereinafter called the "limited common elements", are set aside and reserved by the Declaration for the exclusive use of certain apartments, which apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside are as follows:

The parking stall designated below for each apartment shall be appurtenant to and for the exclusive use of each apartment:

<u>Apartment</u>	<u>Parking Stall Number</u>
101	3
202	4
201	5
301	6
302	7
303	8
102	9
203	10

All costs of every kind pertaining to each limited common element, including but not limited to costs of maintenance, repair, replacements, additions and improvements, shall be charged to and borne entirely by the owner of the apartment to which it is appurtenant.

INTEREST TO BE CONVEYED TO PURCHASERS. Purchasers acquiring an apartment will receive apartment deed conveying an apartment together with an undivided twelve and five-tenths percent (12.5%) interest (herein referred to as the "common interest") in all common elements of the Project. This same percentage interest shall be used for each apartment in determining each purchaser's proportionate share of all common profits and expenses of the Project and shall be used for all other purposes including determining the proportionate representation for voting purposes in the Association of Apartment Owners of the Project.

Notwithstanding the foregoing, in the event that the Board of Directors has reason to believe that any apartment is consuming commonly metered utilities in excess of its percentage undivided interest, then the Board of Directors, in its sole discretion, may measure such consumption, if feasible, and if the same is in excess of said percentage interest, then and in such event, the Board of Directors may assess and charge the costs for the excess consumption against the apartment in question and the same shall for all purposes be deemed to be a common expense of such apartment.

PURPOSE OF BUILDINGS AND RESTRICTIONS AS TO USE. 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 may be utilized for long-term or transient rentals, including vacation rentals, BUT SPECIFICALLY EXCLUDING TIMESHARING PLANS. Subject to the foregoing limitations, the owners of the respective apartments shall have the absolute right to rent or lease the same subject to the limitations, restrictions, covenants and conditions of the Declaration.

THE DEVELOPER HAS INFORMED THE COMMISSION THAT THE HOUSE RULES FOR THE PROJECT SPECIFICALLY PROHIBIT THE KEEPING OF ANY PETS, POULTRY OR LIVESTOCK IN THE PROJECT.

ALTERATION OF UNITS. The Declaration provides that restoration or replacement of the Project or of any building or construction of any additional building or structural alteration or addition to any building different in any material respect from the Condominium File Plan of the Project shall be undertaken by the Association or any apartment owner only pursuant to an amendment of the Declaration, duly executed by or pursuant to the affirmative vote of the apartment owners owning seventy-five percent (75%) or more of the interests in the common elements and accompanied by the written consent of the holders of all liens affecting any of the apartments, and in accordance with complete plans and specifications therefor first approved in writing by the Board and promptly upon completion of such restoration, replacement or construction the Association shall duly file or record such amendment together with a complete set of floor plans of the Project so altered, certified as built by a registered architect or professional engineer; provided, however, that

notwithstanding any provision in the Declaration to the contrary, any alterations or additions within an apartment require the written consent thereto and the written approval of the apartment owner's plans therefor by only the holders of all liens affecting such apartment (if the lien holders require such consent and approval), and the Board of Directors of the Association, and such alterations or additions may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the Project so altered.

OWNERSHIP OF TITLE: A Preliminary Title Report dated January 23, 1985, issued by Title Guaranty of Hawaii, Inc. states that title to the property is vested in Sidney K. Kaide, husband of Terry T. Kaide.

ENCUMBRANCES AGAINST TITLE: Said Preliminary Title Report reports that title to the land is subject to the following:

1. For real property taxes due and payable, reference is made to Director of Finance, County of Hawaii.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. The restrictions on use and other restrictions and all other of the covenants, agreements, obligations, conditions, reservations, easements and other provisions set forth in Declaration of Horizontal Property Regime dated December 21, 1984, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 18380 at Page 125, as the same may hereafter be amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 941 recorded in said Bureau of Conveyances.
4. By-Laws of the Association of Apartment Owners of the Condominium Project known as "KAHALUU REEF" dated December 21, 1984, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 18380 at Page 141, as the same may hereafter be amended.

PURCHASE MONEY HANDLING: An executed Escrow Agreement dated October 30, 1984, identifies Title Guaranty Escrow Services, Inc., a Hawaii corporation, as the escrow agent. Upon examination, the specimen Deposit Receipt and Sales Contract and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended, and particularly §514A-39 and §514A-63 and §514A-65.

Among other provisions, the Escrow Agreement provides that a purchaser under a Sales Contract shall be entitled to a return of his funds, without interest and less the escrow cancellation fee if any one of the following has occurred:

(a) Developer and the purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held hereunder by Escrow; or

(b) Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the sales contract

pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has exercised his right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

(d) A purchaser has exercised his right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

In any of the foregoing events, Escrow shall, upon the occurrence of the event described in (a) or (b) above or upon receipt of a written request for a refund from purchaser upon the occurrence of an event described in (c) or (d) above, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee of Escrow of not less than \$25.00 per unit or a cancellation fee commensurate with the work done by Escrow prior to such cancellation, whichever fee is greater).

In addition, the Escrow Agreement provides that a purchaser shall be entitled to a return of his funds after purchaser has requested such return and if Escrow shall have received from Developer a written notice that any one of the following has occurred:

(a) No sales contract has been offered to the purchaser who has been placed on the Developer's reservation list of owner-occupant applicants; or

(b) Purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for his unit within thirty (30) calendar days following the end of the ten (10) calendar day period during which the Developer is limited to selling to owner-occupant; or

(c) The purchaser desires to cancel the contract on account of hardship circumstances such as those set forth in Section 514A-104(1), Hawaii Revised Statutes; or

(d) The purchaser indicates an intent not to become an owner-occupant of such unit.

Except for cancellations under subparagraph (a) above, Escrow may deduct from any such refund made to a purchaser the cancellation fee set forth above.

The Sales Contract, among other things, provides that the Seller makes no warranties, express or implied, with respect to the apartment or common elements, including the furnishing, fixture and appliances installed therein. The Seller assigns any and all warranties pertaining to the Project from the contractors, manufacturers or dealers directly to the Buyers.

It is incumbent upon the purchaser and prospective purchaser to read and understand the Escrow Agreement and Deposit Receipt and Sales Contract before executing the Deposit Receipt and Sales Contract, since the Escrow Agreement describes the procedure for receiving and disbursing purchasers' funds, and the Deposit

Receipt and Sales Contract specifically provides that the purchaser approves the Escrow Agreement and assumes the benefit and obligations therein provided.

MANAGEMENT OF PROJECT: The By-Laws provide that the operation of the Project shall be conducted for the Association by the Board of Directors of the Association or by a responsible Managing Agent who shall be appointed by the Association in accordance with the By-Laws, except that the initial Managing Agent shall be appointed by the Developer. The Managing Agent is hereby authorized to receive service of legal process in all cases provided in the Horizontal Property Act. The Developer has advised the Commission that the initial Managing Agent shall be Sidney K. Kaide, 720 Waiuanue Avenue, Hilo, Hawaii 96720, the Developer.

STATUS OF PROJECT: The Developer has advised that construction of the Project was completed in November 1984 as evidenced by a copy of the Notice of Completion filed with the Commission.

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 January 24, 1985 and information subsequently filed as of February 15, 1985.

This FINAL HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT, is made a part of REGISTRATION NO. 1665 filed with the Commission on January 24, 1985.

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

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

Distribution:
Department of Finance,
County of Hawaii
Bureau of Conveyances
Planning Department,
County of Hawaii
Federal Building Administration
Escrow Agent

Registration No. 1665

Dated: February 22, 1985

KAHALUU REEF CONDOMINIUM PROJECT
REGISTRATION NO. _____
DISCLOSURE ABSTRACT AS OF December 21, 1984

1. Name and Address of Project: Kahaluu Reef, Alii Drive, Kahaluu, North Kona, Hawaii.

2. Name, Address and Telephone Number of Developer:
Sidney K. Kaide, 720 Waiuanue Avenue, Hilo, Hawaii 96720.
Telephone Number: (808) 935-6755.

3. Managing Agent of Project: Sidney K. Kaide, 720 Waiuanue Avenue, Hilo, Hawaii 96720.
Telephone Number: (808) 935-6755.

4. Maintenance Fees: The breakdown of the annual maintenance fees and the monthly estimated costs for each apartment, representing the common expenses of the Project allocated to each apartment, which are hereby certified to be based on generally accepted accounting principles, are set forth in Exhibit "A" attached hereto and made a part hereof. The Developer advises that the maintenance fees will tend to increase in an inflationary economy and as the improvements age. The estimated maintenance fees and monthly fees for each apartment are based on the latest information available to the Developer and Managing Agent and are subject to revision based on actual costs for items enumerated. Maintenance fees can vary depending on services desired by apartment owners. Each Buyer should check the attached maintenance fee schedule to see what services are included therein.

Notwithstanding the foregoing, each apartment owner shall not be obligated for the payment of such apartment owner's monthly maintenance fees until the Developer files an amended Disclosure Abstract with the Real Estate Commission providing for a specific date on which such apartment owner must commence payment of such apartment owner's respective monthly maintenance fees, which amended Disclosure Abstract shall be filed with the Hawaii Real Estate Commission at least thirty (30) days prior to the date on which each apartment owner must assume responsibility for payment of such apartment owner's respective monthly maintenance fees. Developer will furnish each apartment owner with a copy of such amended Disclosure Abstract.

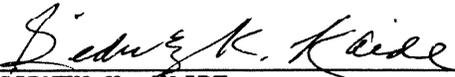
5. Warranties: The closing of the sale of the apartment shall constitute the assignment by Developer to the Buyer of any and all warranties given the Developer by the

Contractor for the Project and by any subcontractors or materialmen, including the Contractor's guarantee of materials and workmanship against faulty or deficient materials and installation for a period of one (1) year after "substantial completion" of the apartment, as defined in the construction contract for the Project, and the benefit of such warranties shall accrue to the Buyer on closing without further instruments or documents. Warranties on appliances furnished with an apartment shall run in favor of each Buyer directly from the respective manufacturer thereof. The duration and expiration dates of said appliance warranties will vary depending upon the type of appliance, the terms of the warranty and the dates of installation and/or first use. There are no other warranties, express or implied, with respect to the apartments or the appliances in the Project or any common element of anything installed therein.

6. Use: The Project shall consist of eight (8) dwellings which shall be occupied and used as private dwellings, for long-term or transient rentals, including vacation rentals, but specifically excluding time-sharing plans.

7. Extent of Non-Residential Development: The Declaration and By-Laws do not authorize any commercial or non-residential use of the Project.

DATED: Hilo, Hawaii, December 21, 1984.



SIDNEY K. KAIDE
Developer

STATE OF HAWAII

)

)

ss.

COUNTY OF ~~HILE~~ HAWAII

)

On this 21st day of December, 1984, before me personally appeared SIDNEY K. KAIDE, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Herbert L. Kushi

Notary Public, State of Hawaii.

My commission expires: May 4, 1986

EXHIBIT "A"

Monthly Estimated Cost for Each Apartment

1. Total Estimated Monthly Fees
(See Exhibit "B" attached) \$ 704.08

2. Total Estimated Annual Maintenance Fees
(\$704.08 x 12) \$8,449.00

3. Estimated Monthly Cost Per Apartment:

<u>Apt. No.</u>	<u>Percentage Common Interest</u>	<u>Estimated Monthly Maintenance Fees</u>
101	12.5	\$88.01
102	12.5	\$88.01
201	12.5	\$88.01
202	12.5	\$88.01
203	12.5	\$88.01
301	12.5	\$88.01
302	12.5	\$88.01
303	12.5	\$88.01

EXHIBIT "B"

	<u>Monthly</u>
1. Insurance Coverage	\$ 90.75
Fire for \$500,000.00	
Liability for \$1,000,000.00	
2. Real Property Taxes	50.00
3. Resident & Accounting Management Fees	300.00
4. Ground Maintenance	125.00
5. Trash Service	45.00
6. Utilities: managing agent's office, recreation room and car wash and plants (water)	45.00
7. Utilities: night lights, managing agent's office, recreation room and automatic sprinkler system (electricity)	48.33
	<hr/>
TOTAL MONTHLY FEES	\$704.08

NOTE: Each apartment's water and electricity will be metered individually.