

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

H3PR CONDOMINIUM

Kalokohanahoe, Kaneohe

District of Koolauloa

Honolulu, Hawaii

REGISTRATION NO. 1702

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: December 3, 1985

Expires: January 3, 1987

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 SEPTEMBER 5, 1985 AND ADDITIONAL INFORMATION SUBSEQUENTLY FILED WITH THE COMMISSION AS OF SEPTEMBER 25, 1985. 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. H3PR CONDOMINIUM is a fee simple condominium project which, will contain two (2) residential apartment units located in two (2) detached buildings. Each apartment unit has two parking stalls located within a garage. The Project also contains two additional parking stalls, which are uncovered and they are a common element. All are located at ground level.

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

3. The Developer advises that the Declaration of Horizontal Property Regime and the By-Laws of Association of Apartment Owners have not been filed in the Office of the Recording Officer.

4. No advertising or promotional matter has been submitted pursuant to the Rules adopted 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 Hawaii Real Estate Commission Rules which relate to Horizontal Property Regimes.

6. This Preliminary Public Report is made a part of the registration of H3PR CONDOMINIUM project. The Developer shall be responsible for placing a true copy of this Preliminary Public Report (yellow paper stock) and Disclosure Abstract in the hands of all purchasers and prospective purchasers and securing a signed receipt therefor.

7. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, December 3, 1985, unless a Supplementary Public Report issues or the Commission upon review of the registration issues an order extending the effective period of this report.

NAME OF PROJECT: H3PR CONDOMINIUM

LOCATION: The land to be submitted to the regime and on which the project will be situated is located in Kalokohanahoe, Kaneohe, District of Koolauloa, Oahu, State of Hawaii, containing 39,696 square feet.

TAX MAP KEY: 4-5-45-38

ZONING: R-3

DEVELOPER: NORMAN L. METCALF and BETTY J. METCALF, husband and wife, whose residence and post office address is 123 Kailuana Loop, Kailua, Hawaii 96734, Telephone No. (808) 538-8089.

OWNER: March Partners, a registered Hawaii general partnership, whose business address is 841 Bishop Street, Honolulu, Hawaii 96813.

ATTORNEY REPRESENTING DEVELOPER: Grad & Ching, Attorneys at Law (Jeffrey S. Grad), Suite 2001, 841 Bishop Street, Honolulu, Hawaii 96813. Telephone No. (808) 521-4757.

DESCRIPTION OF PROJECT: The Project consists of two (2) apartments (each called interchangeably a "Unit", an "Apartment" or "Dwelling"). The Apartments are identified on the Condominium Map as "Unit A" and "Unit B". Each Unit has appurtenant to it the right to use the yard area (called a "Dwelling Lot") and other areas described below as Limited Common Elements. The two parking stalls are part of the Apartment to which the garage is attached.

DESCRIPTION OF APARTMENTS: One (1) freehold estate is hereby designated in each of the two Apartments contained in the Project, within the spaces enclosed by and within the outside surfaces of the exterior wall and roof and the bottom surfaces of the footing and foundations of each Unit.

Note: The Net living area of each Apartment is not calculated according by this perimeter; rather it is calculated according to the interior surfaces of the walls and doors.

Unit A and Unit B are each a single family residence containing eight rooms, five of which are on the lower floor and three on the second floor. On the lower floor of each Unit, there are located three bedrooms and two baths. On the upper level, there are located a kitchen, a living room and a dining room. Unit A contains approximately 1,393 square feet of Net Living Area and Unit B contains approximately 1,661 square feet of Net Living Area and both Unit A and Unit B have a deck of approximately 195 square feet and a garage of 402 square feet.

Unit C (if added in Phase 2) would also be a single family residence. The exact location, size, dimensions and other features of Unit C are at the discretion of Developer but is subject to the provisions of paragraph 21.3 of the Declaration.

Unit A and Unit B would each include two lanai areas which surround a portion of its exterior perimeter walls as shown on the Condominium Map.

Parking. Unless Phase 2 is added, the Project would contain four (4) covered regular-size parking stalls, two of which are located in each garage located in an apartment unit. The stalls in such garage are part of and for the exclusive use of the Dwelling in which the garage and spaces are located. The parking spaces are located as shown on the Condominium Map.

If Phase 2 were added to the Project, it is expected that the Project would have an additional two covered regular size parking spaces, which would be part of Unit C and be located in a covered garage on the lower level of Unit C.

The project also contains two regular size uncovered parking stalls which are available for guest parking and which are part of the common elements of the Project.

Apartment Numbers and Location. Unit A is located on the portion of the Land closest to Lilipuna Road. Unit C, if added in Phase 2, would be located furthest from Lilipuna Road, and Unit B is between Unit A and Unit C. The location of each of the Units is as shown on the Condominium Map.

COMMON ELEMENTS. One freehold estate is hereby also designated in all the remaining portions of the Project, herein called the "Common Elements", including specifically but not limited to:

a. The Land in fee simple, more particularly described in Exhibit A to the Declaration.

b. All grounds and landscaping not otherwise designated limited common elements; provided that a portion of the common elements designated for future development of Phase 2 (Unit C) shall become a limited common element for the benefit of Unit C, if and when the Developer amends the Declaration to add Unit C.

c. All roadways and access areas.

d. The two (2) guest parking stalls as shown on the Condominium Map.

e. All other portions of the Land and improvements not specifically heretofore designated as Apartments or Dwellings, but which are intended for common use and all other devices and installations existing for or rationally of common use or necessary to the existence, upkeep and safety of the Horizontal Property Regime.

LIMITED COMMON ELEMENTS. Certain parts of the common elements, herein called the "Limited Common Elements" are hereby designated and set aside for the exclusive use of each Dwelling, and each Dwelling shall have appurtenant thereto exclusive easements for the use of such limited common elements. Unless otehrwise specified, all costs of every kind pertaining to each limited common element, including but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne entirely by the Dwelling to which it is appurtenant. The limited common elements so set aside and reserved are as follows:

The site of each Dwelling, called a "Dwelling Lot" consisting of the land beneath and immediately adjacent thereto, as shown and delineated as "limited exclusive common area" on said Condominium Map (and having the same letter designation as the Dwelling to which it is appurtenant), shall be deemed a limited common element for the exclusive use of the Dwelling to which it is appurtenant.

Note: The Buyer should be aware that the "Dwelling Lot" described above is for Horizontal Property Regime purposes only. The "Dwelling Lots" are not lots of record (subdivided) and the City and County of Honolulu will consider all development on one lot of record as a single entity when application is made for any required permits.

INTEREST TO BE CONVEYED TO PURCHASER: Each Dwelling shall have appurtenant thereto an undivided fifty percent (50%) interest in all common elements of the Project (herein called the "common interest"), and the same proportionate share in all common profits and expenses of the Project and for all other purposes, including voting on all matters requiring action by the Dwelling Lot owners.

If the Developer shall develop Phase 2, then the percentage of undivided interest in the common element shall be changed so that each Unit's percentage will be computed as a fraction having as a numerator the Net Living Area of the Unit divided by the total Net Living Area of all of the Units.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE. A Dwelling shall be occupied and used only as a private dwelling by the respective owners thereof, their tenants, families, domestic servants and social guests, and for no other purpose, provided, however, that no Dwelling shall be occupied and used by more than three unrelated persons. A Dwelling shall not be rented for transient or hotel purposes, which are defined as (a) rental for any period less than 30 days, or (b) any rental in

which the occupants of the Dwelling are provided customary hotel services, such as room service for food and beverage, maid service, laundry and linen, or bellboy service. Except for such transient or hotel purposes, the owners of a Dwelling shall have the absolute right to lease the same subject to limitation, restrictions, covenants and conditions of this Declaration.

OWNERSHIP OF TITLE: A Preliminary Title Report dated September 24, 1985, by Hawaii Escrow & Title Inc., indicates that March Partners, a registered Hawaii general partnership, has title to the land committed to the Project.

ENCUMBRANCES AGAINST TITLE. Said Preliminary Title Report dated September 24, 1985, reveals the following:

1. For any taxes that may be due and owing, reference is made to the Office of the Tax Assessor of the First Taxation Division.
2. Title to all mineral and metallic mines reserved to the State of Hawaii.
3. Mortgage dated January 23, 1981, filed as Document No. 1052710, in favor of GECC Financial Corporation, a Hawaii corporation.
4. Mortgage dated February 22, 1983, filed as Document No. 1156654 in favor of March Second Limited Partnership, a Hawaii limited partnership.

PURCHASE MONEY HANDLING: A copy of the executed Escrow Agreement dated August 22, 1985, identifies Hawaii Escrow & Title, Inc. as Escrow Agent. On examination, the Reservation Agreement, Deposit Receipt and Sales Contract and the executed Escrow Agreement are found in compliance with Hawaii Revised Statutes, Chapter 514A, as amended.

RIGHT OF BUYER TO CANCEL THE SALES CONTRACT.

(a) The Buyer has a legal right under Hawaii law to cancel the purchase of the Apartment, if the Buyer desires to do so, without any penalty or obligation within thirty days following the date the Final Public Report (or Reports) is delivered to the Buyer. If the Buyer cancels, then the Buyer will be entitled to receive the refund of any downpayment or deposit, less any escrow cancellation fees and other costs, up to \$250.

(b) If the Buyer decides to cancel, the Buyer shall do so by notifying the Seller by mail or telegram sent before: (1) the conveyance to the Buyer of the Apartment(s); or (2) midnight of the thirtieth day after delivery of the Public Report(s) to the Buyer, whichever is earlier. If the Buyer sends or delivers his written notice some other way, it must be delivered to the above-referenced address no later than that time. The Buyer can use any written statement that is signed and dated by the Buyer and states his intention to cancel, or the Buyer may use the notice contained in Section 514A-62 by checking the appropriate box and by signing and dating it.

(c) If the Buyer does not act within the above thirty-day period or if the Apartment is conveyed to the Buyer within the above thirty-day period, the Buyer will be considered to have executed the receipt for the Final Public Report and to have waived his right to cancel the purchase of the Apartment. The Buyer may also waive his right to cancel by checking the appropriate box, by signing and dating the form of notice contained in Section 514A-62, and by returning said notice to the Seller.

(d) It is understood that no obligation to purchase an apartment under any agreement for the purchase or reservation of an apartment entered into prior to the issuance of a Final Public Report is enforceable against the Buyer under such agreement.

(e) All monies paid by Buyer prior to issuance of the Final Public Report shall be deposited in trust with the Escrow Agent with instructions that no disbursements shall be made from such trust fund on behalf of Seller until the Sales Contract has become effective, and requirements of Sections 514A-39 and 514A-63, Hawaii Revised Statutes, as amended, have been met.

Upon the occurrence of any of the above, and upon the return by Escrow Agent of the payments made by Buyer, whether or not upon his request, the rights of the parties hereto under the Sales Contract shall terminate and neither shall have any further rights or obligations and neither shall have any further rights or obligations in relation thereto. Whenever under the conditions of Paragraph 29 of the Sales Contract, Escrow Agent shall be required to return any monies to Buyer, the same shall be without interest and except as hereinabove provided, without deductions.

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 Buyer upon the occurrence of an event described in (c) or (d) above, pay said funds to said Buyer and thereupon said Sales Contract and any conveyance document theretofore delivered to Escrow shall be returned to Developer and shall be deemed no longer held hereunder; provided, however, that no refund shall be made to a Buyer at Buyer 's request prior to receipt by Developer of written notice from escrow of its intent to make such refund.

RIGHTS OF SELLER TO CANCEL THE SALES CONTRACT. The Sales Contract also provides for rights of cancellation by Developer and such include, but are not limited to, the following:

(a) If (i) the Buyer's check for the initial down payment (Payment A) is returned for insufficient funds, (ii) the Buyer fails to furnish the Seller satisfactory evidence of the Buyer's ability to pay in cash the total Purchase Price from the Buyer's own funds, (iii) the Buyer fails to furnish to the Seller a firm written commitment or loan qualification approval for the Buyer's Permanent Loan in form satisfactory to the Seller within the specified period (whether or not such failure is the Buyer's fault and whether or not the Buyer has proceeded diligently to obtain such a loan), or (iv) the Buyer (or one of them) should die prior to the performance of all of the Buyer's obligations under paragraph 6 of the Sales Contract, then, in any such event, all moneys theretofore paid under this Sales Contract may be refunded or the check returned to the Buyer, at the Seller's discretion, less any cancellation fee imposed by the Escrow Agent and any other actual expenses incurred by reason of the Buyer having signed this Sales Contract, and this Sales Contract shall be void. Until the Seller so elects to cancel this Sales Contract, it shall remain in full force and effect.

(b) If at any time prior to the commencement of construction, any event beyond Developer's control shall have occurred affecting, in Developer's judgment, the development of the project so that the total Project Costs, as estimated by Developer, shall exceed the total Project Costs set forth in the verified statement of Project Costs filed with the Real Estate Commission of the State of Hawaii and Developer determines therefore that the financial feasibility of the project requires an increase in the apartment sales prices, then, provided that commencement of construction of the project shall not have occurred, Developer may at its option terminate the Sales Contract; provided, however, that Developer shall offer to Buyer the first right to exercise a new sales contract at the increased apartment unit price.

(c) Developer is obligated to complete construction of the apartment within two (2) years from the date of issuance of a Final Public Report and from the date the Sales Contract becomes fully enforceable and effective between Buyer and Developer; provided, however, that such two-year period shall be extended for any period of time during which Developer is actually and necessarily delayed in beginning or completing construction if said delay is caused by fire, earthquake, acts of God, the elements, war or civil disturbances, strikes or other labor disturbances, or economic controls making it impossible to obtain the necessary labor or material, or other matters or conditions beyond the control of Developer. If, pursuant to the foregoing sentence, such two-year period is extended for more than three (3) months, then and at any time thereafter until the project is completed, Developer may, upon fifteen (15) days' written notice to the Buyer, terminate the Sales Contract; provided that if said two-year period is extended for more than nine (9) months, either the Developer or the Buyer may, upon fifteen (15) days' written notice to the other, terminate said Sales Contract and all sums paid by the Buyer hereunder shall be refunded without interest.

NOTE. Prospective purchasers should be aware that all security interests obtained by any lender in connection with the Project as well as any extensions, renewals or modifications thereof shall be prior to and superior to any and all lines or charges arising from the Sales Contract or any other prior reservation agreement.

MANAGEMENT AND OPERATION. The By-Laws of this project state that the management and operation of the project shall be vested in the Board of Directors, that the Board of Directors may employ, for the Association of Apartment Owners, a Managing Agent to perform such duties as the Board shall authorize, including the collection of all assessments from the Owners. The Developer has not yet entered into a Property Management Agreement and until a corporate or other managing agent is appointed, Norman L. Metcalf, one of the developers, will serve as the initial Managing Agent. It is intended that after sale of the Project that the owners of the Apartments in the Project will self-manage the Project.

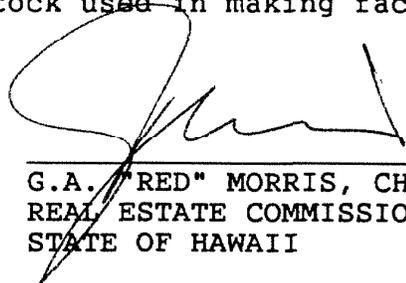
STATUS OF PROJECT. The Project is not completed. Construction is expected to begin on or about September 15, 1985, and completion is scheduled about 150 days thereafter. The Developer and the Owner have arranged for a construction loan with First Federal Savings and Loan Association of America in

order to fund the land purchase and development of the Project. No financing has been obtained for permanent loans for apartment purchasers.

=====

The Buyer 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 5, 1985, and information subsequently filed as of September 25, 1985.

This PRELIMINARY HORIZONTAL PROPERTY REGIME (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1702 filed with the Commission on September 5, 1985. The report, when reproduced shall be a true copy of the Commission's Preliminary 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 DEPARTMENT, CITY AND COUNTY OF HONOLULU
ESCROW AGENT
FEDERAL HOUSING ADMINISTRATION

Registration No. 1702

December 3, 1985.