

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
THE VILLAGES AT WAIPIO
PHASE III
Waipio Uka Street, Waipio, Oahu, Hawaii

Registration No. 1720

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 19, 1985
EXPIRES: January 19, 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 NOVEMBER 19, 1985, AND INFORMATION SUBSEQUENTLY FILED AS OF DECEMBER 10, 1985. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF ITS INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY REGIMES LAW, CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. THE VILLAGES AT WAIPIO PHASE III is a proposed fee simple condominium project which will contain: 56 apartment units located in 5 low-rise buildings; and 69 uncovered on-grade parking stalls. At least one parking stall will be assigned to each apartment; 5 parking stalls will be visitors stalls; and 8 will be available for purchase from the Developer as additional stalls for any apartment.

2. The Developer of the Condominium has submitted to the Commission for examination all documents deemed necessary for the registration of this Condominium Project and the issuance of this Preliminary Public Report.
3. The basic documents to create and govern THE VILLAGES AT WAIPIO PHASE III Condominium are called the "Condominium Documents". They will include the Declaration of Horizontal Property Regime: The Villages At Waipio Phase III (the "Condominium Declaration"); the By-Laws of the Association of Apartment Owners for The Villages At Waipio Phase III (the "Condominium By-Laws"); and a copy of the plans for The Villages at Waipio Phase III (the "Condominium Map"). The Condominium Documents have not been recorded (meaning officially filed) in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.
4. As of the date of issuance of this Report, no advertising or promotional matter has been submitted pursuant to the Commission's Rules Relating to Horizontal Property Regimes (the "Condominium Rules").
5. The buyer or prospective buyer is advised to acquaint himself with the provisions of Hawaii's Condominium Act (Chapter 514A, Hawaii Revised Statutes, as amended), as well as the Condominium Rules.
6. This Preliminary Public Report is made a part of the registration on THE VILLAGES AT WAIPIO PHASE III Condominium. The Developer shall be responsible for: (a) placing this Preliminary Public Report (yellow paper stock) and the Condominium Disclosure Abstract in the hands of all purchasers and prospective purchasers; and (b) securing a signed copy of the receipt for this Public Report and the Condominium Disclosure Abstract from each purchaser and prospective purchaser.
7. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, December 19, 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: THE VILLAGES AT WAIPIO PHASE III.

LOCATION: The Condominium is located in Waipio, on the Island of Oahu, Hawaii and will contain an area of approximately 2.504 acres (the "Land").

TAX MAP KEY: First Division, 9-44-99: Portion of Parcel 73.

ZONING: A-1 Residential.

DEVELOPER: James K. Schuler & Associates, Inc., a Hawaii corporation, 1001 Bishop Street, Pacific Tower, Suite 1060, Honolulu, Hawaii 96813. Telephone: (808) 521-5661. The officers of this corporation are James K. Schuler, President, Vice President, Secretary and Treasurer; E. W. Gordon, Jr., Vice President, Assistant Secretary and Treasurer; James G. Lee, Vice President; and Joanne Halsey, Assistant Secretary.

ATTORNEY REPRESENTING DEVELOPER: Robert E. Warner, Attorney at Law, A Law Corporation, 2012 Davies Pacific Center, 841 Bishop Street, Honolulu, Hawaii 96813. Telephone: (808) 524-8855.

DESCRIPTION OF PROJECT: According to the Developer's plans and intention to sell, 56 apartment units will be constructed on the Land. These units will be located in 5 two-story wood framed buildings, without basements. The buildings are lettered "K" thru "O". All buildings will be constructed basically of concrete, wood, glass and allied building materials. There will be 69 uncovered on-grade parking stalls located near the buildings. At least one parking stall will be assigned to each apartment. Five (5) stalls will be set aside for visitors. The remaining 8 stalls may be purchased as additional parking stalls for a given apartment. Pursuant to the Declaration for Joint Use referred to in the Note under the heading ENCUMBRANCES AGAINST TITLE, the Project will share use of the swimming pool and pool deck (and a recreation center, upon its conversion from use by the Developer as a sales office by not later than July 1, 1987), all of which are located on Phase I referred to under the heading PHASED DEVELOPMENT AND MERGER OF PHASES.

Apartment Unit Types. The proposed Condominium Declaration divides the apartment units into three basic types. There are 16 Type A units; 24 Type B units and 16 Type C units. Types A and B are one story units and are further divided into two types depending on whether they are on the first or second story; Type C are 2 story end units. There are 2 different building types. Buildings "K" "L" and "N" are building type III, and each contains 8 Type B and 4 Type C apartments; and Buildings "M" and "O" are building type V and contain 8 Type A and 2 Type C apartments.

Each unit type and subtype is further described as follows:

(a) Type A-1: One-story units on the first floor containing 2 bedrooms, 1-1/2 bathrooms, a living/dining room, a kitchen, a hallway and a lanai. Each A-1 apartment will contain 770 square feet, more or less, plus a lanai of approximately 81 square feet. The configuration of some of these units is the reverse or mirror image of other units of this type. There will be 8 apartments of this type.

(b) Type A-2: One-story units on the second floor containing 2 bedrooms, 1-1/2 bathrooms, a living/dining room, a kitchen, a hallway and a lanai. A-2 units are the same as the A-1 units, except they have larger lanais. Each A-2 apartment will contain 770 square feet, more or less, plus a lanai of approximately 101 square feet. The configuration of some of these units is the reverse or mirror image of other units of this type. There will be 8 apartments of this type.

(c) Type B-1: One-story units on the first floor containing 2 bedrooms, 2 bathrooms, a living/dining room, a kitchen, a hall entryway and a lanai. Each B-1 apartment will contain 797 square feet, more or less, plus a lanai of approximately 52 square feet. The configuration of some of these units is the reverse or mirror image of other units of this type. There will be 12 apartments of this type.

(d) Type B-2: One-story units on the second floor containing 2 bedrooms, 2 bathrooms, a living/dining room, a kitchen, a hall entryway and a lanai. B-2 units are the same as the B-1 units, except they have larger lanais. Each B-2 apartment will contain 797 square feet, more or less, plus a lanai of approximately 115 square feet. The configuration of some of these units is the reverse or mirror image of other units of this type. There will be 12 apartments of this type.

(e) Type C: Two story units containing: on the first floor a living/dining room, a kitchen, a lanai, 1/2 bath and a stairway leading to the second floor; on the second floor 2 bedrooms, 1-1/2 bathrooms, and a hallway. Each C apartment will contain 902 square feet, more or less, plus a lanai of approximately 76 square feet. The configuration of some of these units is the reverse or mirror image of other units of this type. There will be 16 apartments of this type.

Each apartment will include carpeting (except in the kitchen and bathroom or rooms which will be sheet vinyl), drapes, refrigerator, range and oven with hood, garbage disposal, a dishwasher, a washer/dryer and a waterheater. The waterheater for Type C units is located inside the unit under the stairway. The waterheater for each Type A and B unit is located on the first floor level in an exterior compartment adjoining each such first floor unit. Each compartment will contain 2 waterheaters, one for the adjoining first floor apartment and one for the second floor apartment above the adjoining unit. The waterheater for each apartment (including related piping serving only that unit) is to be a part of that apartment, even if it is located outside of the perimeter of the unit.

Limits of Apartments. The perimeter of each of the apartments is established by the floor area computed in accordance with Condominium Rule 16-107-6. This floor area is: (i) the net living area of the enclosed portion of the apartment measured from the interior surface of the apartment perimeter walls, plus (ii) lanai area. Each unit includes all walls, partitions, floors, ceilings and other improvements within this perimeter; the adjacent lanai shown on the Condominium Map; all air space within the perimeter (plus the lanai); the interior decorated or finished surfaces of the perimeter walls, floors and ceilings; all appliances originally furnished with each apartment, including a waterheater and related piping servicing that apartment (even if located outside of the perimeter); all pipes, plumbing, wires, conduits or other utility or service lines serving only that apartment; and all glass, windows and window frames, doors and door frames along the perimeter. But each apartment does not include all common elements in it (which are listed later).

NOTE: The areas stated above for each apartment type and subtype are the net living areas, not including the lanai area, as determined from the Condominium Map. As constructed, the net living area of each apartment may, and indeed most probably will, vary to a minor degree from the area taken off of the Condominium Map. Buyers and prospective buyers should also be aware that the net living area may be significantly less than the apartment area calculated according to methods more prevalently used in real estate practice than Condominium Rule 16-107-6.

Apartment Numbers and Access: Each apartment is identified by a letter followed by a three-digit number. The letter identifies the building in which the apartment is located, the first digit indicates the floor on which the apartment is located, and the last two digits indicate that apartment's relative location on a given floor, as follows: starting with the apartment in each building that is numbered "01" on the Condominium Map, the remaining apartments on that floor in that building are numbered in ascending order beginning with the digits "02" in a clockwise direction. However, the first digit for all the 2 story Type C units is "1", and therefore there are no second level apartments numbered K-201, K-202, K-207, K-208, L-201, L-202, L-207, L-208, M-201, M-202, N-201, N-202, N-207, N-208, O-201 or O-202. For

one example, apartment K-101 is located in Building "K", it is on the first floor of that building, and it is located on that floor in that building next to apartment numbered K-102 in a clockwise direction. All first floor apartments have direct access to the grounds. The second floor Type A-2 and B-2 units have access to the grounds via a wooden landing and stairway. In some cases the stairway services that apartment only and in other cases services two apartments.

COMMON ELEMENTS: The proposed Condominium Declaration states that the common elements consist of:

(a) Said land in fee simple.

(b) All foundations, floor slabs, columns, girders, beams, supports, load-bearing walls, main walls, interior walls separating adjacent apartments in the same building (except the inner decorated surfaces of such walls), and roofs of the buildings; all exterior stairs, stairways, landings and railings (except lanai railings, if any); and other building appurtenances, including but not necessarily limited to, the electrical cabinets and the compartments for waterheaters located on the exteriors of the buildings.

(c) All yards, grounds, landscaping, fences, and refuse areas and facilities.

(d) All sidewalks, pathways, parking areas, parking stalls (including 5 visitor parking stalls nos. 1 to 5), driveways and roads within the Condominium.

(e) All ducts, electrical equipment, transformers, wiring and other central and appurtenant installations including power, light, water, sewer, gas and telephone; all pipes, plumbing, wires, conduits or other utility or service lines, which are used by or serve more than one apartment, including any such lines that run through any apartment; and central air conditioning and like central utilities, if installed.

(f) All the benefits, if any, inuring to the Land or the Condominium of: (a) all easements shown on the Condominium Map or listed in the Condominium Declaration; and (b) the covenants, agreements, obligations, conditions, exceptions, reservations, easements, rights and other matters and provisions of the Declaration for Joint Use referred to in Note 1 under the heading ENCUMBRANCES AGAINST TITLE, including without limitation, shared use of the swimming pool and pool deck (and recreation center, upon its conversion from use by the Developer as a sales office not later than July 1, 1985), which are located in Phase I referred to under the heading PHASED DEVELOPMENT AND MERGER OF PHASES, and access over the roadway easement from Ka Uka Street to the Land.

(g) All other portions of the land and improvements that are not specifically designated as apartments, 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 Condominium.

NOTE: The common elements will include the common elements of any one or more condominiums that may be developed on any of the adjoining 4 parcels of land, upon any one or more merger of phases as explained later under the heading PHASED DEVELOPMENT AND MERGER OF PHASES.

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

(a) Each apartment will have appurtenant to it at least one parking stall. The Condominium Map identifies each stall by a number from 1 thru 69. The particular apartment stall that will initially be appurtenant to a particular apartment is listed in the Condominium Declaration, is as follows:

THE VILLAGES AT WAIPIO PHASE III
PARKING SCHEDULE

<u>APARTMENT NO.</u>	<u>STALL NO.</u>	<u>APARTMENT NO.</u>	<u>STALL NO.</u>
K-101	7	N-101	68
K-102	6	N-102	69
K-103	8	N-103	67
K-104	9	N-104	66
K-105	10	N-105	50
K-106	11	N-106	47
K-107	18	N-107	21
K-108	20	N-108	23
K-203	34	N-203	65
K-204	33	N-204	64
K-205	32	N-205	49
K-206	17	N-206	48
L-101	24	O-101	46
L-102	22	O-102	58
L-103	25	O-103	62
L-104	26	O-104	63
L-105	27	O-105	51
L-106	16	O-106	52
L-107	19	O-203	60
L-108	15, 12, 13, 14, 37 55, 56, 57 & 59	O-204	61
L-203	28	O-205	53
L-204	29	O-206	54
L-205	30		
L-206	31		
M-101	35		
M-102	45		
M-103	43		
M-104	44		
M-105	38		
M-106	39		
M-203	42		
M-204	41		
M-205	36		
M-206	40		

VISITOR PARKING: 1
2
3
4
5

[Note: Those stalls listed as "visitor" stalls will remain common elements. The other stalls may be transferred between apartments, as provided in the Condominium Declaration, so long as at least one stall is appurtenant to each apartment. Thus, the Developer may sell to apartment purchasers the additional 8 parking stalls listed as appurtenant to Apartment I-108, and may also change parking stall assignments as long as one or more parking stall will be included as a limited common element to each apartment. The parking stall or stalls assigned to each purchaser shall be listed in the apartment deed from the Developer.]

(b) Each private patio or yard area is a limited common element to first floor apartment adjoining such area, as shown on the site plan in the Condominium Map, as is the interior surface of the fence (i.e. facing that apartment) around each such area.

(c) Each compartment designed to contain hot water heaters and located on the exterior of the buildings adjacent to each Type A-1 and B-1 apartment, are limited common elements to such A-1 or B-1 apartment and to the Type A-2 or B-2 apartment above such unit.

(d) Each concrete pad outside the door of each Type B-1 and C apartment located on the first level is a limited common element appurtenant to that apartment. Each stairway and second story landing providing access to a second level apartment is a limited common element appurtenant to that apartment; provided, that those stairways which lead to two second level apartments shall be limited common elements to both those apartments, but the second story landing adjacent to the entrance to each such apartment is a limited common element to that apartment only.

(e) The mailbox bearing the same designation as the apartment is a limited common element to that apartment.

NOTE: All costs and expenses pertaining to limited common elements are to be charged to the apartment to which the limited common element appertains, pursuant to the Condominium Declaration and Section 514A-15(a) of the Condominium Act. If a limited common element is appurtenant to two or more apartments, such costs and expenses shall be charged proportionately to each. Thus, if a limited common element is appurtenant to two apartments, one-half of such costs and expenses are to be charged to each such apartment. However, the Board of Directors of the Association may, as permitted in the Condominium Declaration, determine that certain of such costs and expenses may instead be charged in accordance with the common interest. Apartment owners are responsible for the maintenance and repair of their limited common elements.

INTEREST TO BE CONVEYED AN APARTMENT BUYER: The proposed Condominium Declaration states that the undivided interest in the common elements, called the "common interest", belonging to each apartment for voting and all other purposes will be as follows:

<u>Type and Number of Apartments</u>	<u>Apartment Numbers</u>	<u>Percentage of Undivided Interest For Each Apt.</u>	<u>Total Percentage Of Undivided Interest For Each Apt. Type</u>
<u>A-1</u> (8):	M-103, M-104, M-105, M-106, O-103, O-104, O-105, O-106	1.68	13.44
<u>A-2</u> (8):	M-203, M-204, M-205, M-206, O-203, O-204, O-205, O-206	1.72	13.76
<u>B-1</u> (12):	K-103, K-104, K-105, K-106, L-103, L-104, L-105, L-106, N-103, N-104, N-105, N-106,	1.68	20.16
<u>B-2</u> (12):	K-203, K-204, K-205, K-206, L-203, L-204, L-205, L-206, N-203, N-204, N-205, N-206,	1.80	21.60
<u>C</u> (16):	K-101, K-102, K-107, K-108, L-101, L-102, L-107, L-108, M-101, M-102, N-101, N-102, N-107, N-108, O-101, O-102	1.94	<u>31.04</u>
Grand Total			<u>100.00%</u>

Each apartment owner will be assessed a share, equal to the common interest of his or her apartment, of all common expenses of the Condominium, except all expenses of relating to limited common elements will be charged as noted before under the heading LIMITED COMMON ELEMENTS.

The common interest is based upon the net living area, plus lanai area, in square feet for that apartment divided by the total net living area, plus lanais, of all apartments, rounded off so the common interest for all apartments equals 100%.

NOTE: The common interest for each apartment will change upon any merger of this Condominium with one or more condominiums that may be built on the adjoining parcels of land, see the information under the heading PHASED DEVELOPMENT AND MERGER OF PHASES.

PHASED DEVELOPMENT AND MERGER OF PHASES. In addition to this Project, which is Phase "III", the Developer is planning to develop 4 adjacent lots (Phases "I", "II", "IV" and "V"). Each of these Phases may be developed as a condominium project; however, the present plan is to develop one lot (Phase "V") as a rental apartment complex. The present plan calls for the condominium development of the remaining 3 lots (Phases "I, "II" and "IV") to include a total of 184 additional apartments of the same type as the apartments in this Phase III; and also subjecting all Phases with: (a) an agreement in favor of the City and County of

Honolulu so that the land on all of the lots may be treated as one lot for zoning purposes; and (b) a Declaration for Joint Use to provide, among other things: (1) for the benefit of each Phase, vehicular access and egress to and from Ka Uka and Waipio Uka Boulevards, pedestrian access to a pedestrian underpass under Waipio Uka Boulevard located on the southeast boundary of Phase II, and for joint use of and access to utility facilities, including sewer, water, electricity, gas and telephone lines and for drainage; and (2) for Phase III and Phases "I", "II" and "IV", for the joint use of the recreational facilities located in Phase I, together with access to such facilities. The proposed Declaration for Joint Use also provides for the maintenance and sharing of expenses among the various Phases.

This plan also provides for the merger of this Phase "III" with one or some or all of Phases "I", "II", and "IV". The purpose of the merger provisions, as contained in the Condominium Declaration, are to provide for a merger of these Phases as if they had been developed as a single project. This Phase III may be merged with respect to these Phases, or any or some or all of them in any order, at the same or different times, and a merger with respect to one or some of these Phases will not affect the right of the Developer to merge this Phase III with another Phase or Phases at a later time. The Developer would have the right to merge Phases up to July 1, 1992, upon the happening of certain events listed in the Condominium Declaration. These events include: the filing of the Condominium Documents for this Phase III and substantially identical documents for each other Phase being merged with it, and the substantial completion of the construction of this Phase III and each such other Phase, free and clear of mechanics' and materialmens' liens. To effect any merger the Developer would file in the Office of the Assistant Registrar of the Land Court of the State of Hawaii a "Certificate of Merger", which, among other things would revise the common interest appurtenant to the apartments in this Phase III. [NOTE: If all these Phases are merged and Phases "I", "II" and "IV" are built as presently planned, the revised common interest for the apartments shall be as follows:

<u>Type of Apartment</u>	<u>Percentage of Undivided Interest for Each Apartment</u>
A-1	.0039424
A-2	.0040370
B-1	.0039340
B-2	.0042260
C	.0045320]

Upon any merger, the common interest for each apartment in the merged Phases would be as revised; each apartment in a merged Phase would have the right to use the common elements of all such Phases; and the merged Phases would have one association and one board of directors, to be elected after the merger. The financial affairs of the merged Phases would also be administered together, except that: Apartments in any one such Phase would not be liable for the debts and obligations of the other merged Phase existing at or accrued prior to the date of the merger. Also capital improvement reserve funds accumulated prior to the merger would remain intact, and the new board would have the authority to make special assessments for such reserves, for the purpose of minimizing later assessments to apartments in one merged Phase for repairs and replacements in the other merged Phases attributable to depreciation occurring prior to the merger. The Condominium Documents for each of the merged Phases would be interpreted

together as a single set of documents applicable to the all merged Phases. However, the Developer has the right (but not the obligation) to provide a single Declaration, By-Laws and Condominium Map governing the merged Phases and showing a consolidated description of the land, buildings, apartments, common elements, limited common elements and common interests, but not otherwise changing the form or content of the Condominium Documents for any Phase, except for amendments required by law, and except that after the last merger of phases, to delete the merger provisions and other rights reserved by the Developer to provide for the development, construction and sale of property in each of the 5 Phases.

The Developer is not obligated to follow the present plan. However, if the plan for any additional Phase is not consistent with the present plan, as approved by the Administrator for the Veterans Administration ("VA Administrator"), then before the Developer may effect any merger, it must obtain a prior written approval of the VA Administrator.

The Developer also reserves the right, until July 1, 1992: (a) to amend the Condominium Documents, both before and after any merger, to conform these documents to VA and FHA requirements so that loans secured by mortgages of apartments in any Phase may be made, guaranteed or insured by VA or FHA. This includes the right to execute and record on behalf of the Association a Regulatory Agreement in form and substance meeting FHA requirements; (b) upon any merger to consolidate the lots on which the merged Phases are located as a single legal lot; and (c) to modify and realign the common elements, parking areas and utilities lines in this Phase III to the extent necessary to connect with any additional Phase. The Developer also has the right to enter on the common elements of the Condominium in order to perform development and construction work for each the additional Phases; provided that the Developer must first obtain a general liability policy to protect apartment owners in this Phase III in an amount of at least \$1,000,000, and must make reasonable efforts, consistent with maintaining the progress of such work, to minimize the disruption such work may cause owners.

The Developer is also not obligated to follow this plan for phased development and has no obligation to develop any one or more of these Phases or to merge this Phase III with any one or more of them. The Developer may also modify the plan for each of the additional Phases.

PURPOSE OF BUILDING AND RESTRICTIONS AS TO USE: The proposed Condominium Declaration states that each apartment may be occupied and used only for residential purposes and no apartment shall be used as a tenement or rooming house or for or in connection with the carrying on of any business, trade, or profession. No apartment may be rented by owners for any period less than 30 days or where the occupants are provided customary hotel services such as room service for food and beverages, or maid or laundry and linen or bellboy services. Timesharing is prohibited. However, the Condominium Declaration states an exception to these restrictions, as follows. The Developer reserves a right to conduct extensive sales activities on the Condominium. This includes the rights: (a) to use any apartments owned by the Developer as model apartments and sales and management offices; and (b) to use such apartments and the common elements, excluding the limited common elements appurtenant to other apartments, for extensive sales displays and activities. These rights to conduct extensive sales activities will last until the sale of the last

apartment in the Condominium and the sale of last apartment in any condominium that may be developed on any of the 4 adjoining parcels of land, or until July 1, 1992, whichever first occurs. But these sales activities are to be conducted in an unobtrusive manner that will not unreasonably interfere with the use, possession and aesthetic enjoyment of the Condominium.

The proposed Condominium Declaration also states that the Developer reserves the rights: (a) to enter and work on the Condominium as may be reasonably necessary for the completion of the improvements to and corrections of defects in the Condominium (this right will terminate about 30 months after the improvements for the Condominium are completed); and (b) to use the common elements of the Condominium as may be reasonably necessary for the construction and completion of improvements on any of the 4 adjoining parcels of land (this right will terminate no later than July 1, 1992).

The proposed House Rules provide, in part: (1) Occupancy is limited to no more than two persons per bedroom contained in each apartment, excluding children under the age of five, except that in no event shall the number of occupants per bedroom exceed three per bedroom inclusive of children under the age of five; (2) No water beds of any nature are allowed in any apartment without prior written approval of the Board and written evidence of adequate liability insurance coverage; and (3) Cooking over an open flame with charcoal grills and hibachis is not permissible within the apartment or on common areas, except on lanais, on private patios or yard areas, and on those portions of the common elements as may be designated for such activities by the Board.

Buyers and prospective buyers are also referred to the Condominium Disclosure Abstract attached to this Public Report and to the documents incorporated or mentioned in that Abstract for further information regarding restrictions as to use. [Note: The breakdown of annual maintenance fees and monthly estimated cost for each apartment are also included in the Condominium Disclosure Abstract and must be updated as required by Section 514A-61 of the Condominium Act. Accordingly, upon filing with the Commission of a revised Abstract which is changed only to reflect the required updating of this information, the Developer may attach such revised Abstract to this or subsequent Reports without the Commission issuing a Supplementary Public Report.]

OWNERSHIP TO TITLE: The Preliminary Title Report issued by Title Guaranty of Hawaii, Inc. dated October 15, 1985 certifies that the fee simple title to the Land is vested in the Developer.

ENCUMBRANCES AGAINST TITLE: Said Preliminary Title Report dated October 15, 1985 reveals the following encumbrances:

1. For any taxes that are due and owing, reference is made to the Office of the Finance Director, City and County of Honolulu.

2. Declaration of Covenants, Conditions and Restrictions dated November 17, 1978, filed as Land Court Document No. 909239, as amended by instruments dated November 17, 1980, filed as Document No. 1042252, dated November 4, 1980, filed as Document No. 1042710, dated December 15, 1983, filed as Document No. 1208195, dated January 9, 1984, filed as Document No. 1213122, dated April 25, 1984, filed as Document No. 1233261, dated July 1, 1984, filed as Document No. 1247312, dated October 1, 1984, filed as Document No. 1257511, and dated December 18, 1984, filed as Document No. 1273254 (the "Master Declaration").

3. Unilateral Agreement and Declaration of Conditional Zoning dated February 12, 1982, filed as Document No. 1105595.

4. Reservation as set forth in Deed dated December 26, 1984, filed as Document No. 1275070.

5. Easement "4468" (32,467 square feet) over and across Lot 11024, besides other land, as shown on Map 659, as set forth by Land Court Order No. 75434, filed September 26, 1985.

6. Real Property Mortgage from the Developer to First Hawaiian Bank dated January 31, 1985 in the amount \$8,250,000 and filed as Land Court Document No. 1280422, and a UCC-1 Financing Statement also from the Developer to the Bank recorded in the Bureau of Conveyances of the State of Hawaii in Book 18424, Page 502, as increased to \$10,600,000 and amended by Amendment to Real Property Mortgage filed as Land Court Document No. 1317293.

7. Agreement for Issuance of Special Use Permit Under Section 21-2.71, Revised Ordinances of Honolulu, 1978, as amended, dated July 25, 1985 and filed as Land Court Document No. 1325518.

8. Agreement dated December 26, 1984 filed as Document No. 1275069, made by and between Gentry-Waipio, a joint venture, and the Developer.

NOTES: 1. The Land will also be encumbered by: (a) the Condominium Documents; (b) such easements as the Developer may designate and grant pursuant to the rights the Developer reserves in the Condominium Documents; and (c) a Declaration for Joint Use made by the Developer (to provide for the joint use of and sharing of expenses between the Condominium and the 4 adjoining parcels of land of roadways, pedestrian walkways, the recreation facilities in the Condominium, certain utilities, including sewer, water, electricity, gas, telephone lines; drainage lines and systems, and so on).

2. The Developer advises that it will also encumber the property by further increasing the amount of the Real Property Mortgage, as amended, and Financing Statement referred to above and/or placing further mortgages and financing statements on the Land, up to an aggregate principal balance of not more than \$15,000,000, in order to provide funds for the construction of site improvements to the Land (as well as to the 4 adjoining parcels of land) and to construct the buildings and other improvements that will become a part of the Condominium. The Developer also advises that the Real Property Mortgage, as amended, and Financing Statement referred to above, every such increase in such Mortgage and Financing Statement, and every such further mortgage and financing statement are and will remain superior to the interests of all buyers under sales contracts held in escrow pending closing. But these mortgages and financing statements must be released prior to the closing and transfer of an apartment to any purchaser.

3. Each apartment will be conveyed to a buyer subject to the foregoing encumbrances, excluding such mortgages and financing statements, but including the encumbrances referred to in Note 1, and the terms, covenants and conditions of the Apartment Deed conveying the apartment to a purchaser.

PURCHASE MONEY HANDLING OF APARTMENT UNIT SALES: Copies of the specimen Apartment Sales Contract, Apartment Deed and executed Escrow Agreement have been submitted as part of the registration.

On examination, these documents are found to comply with the Condominium Act. Specifically, but without limitation, they comply with Section 514A-40(6) and Sections 514A-37, 514A-39, 514A-62, 514A-63 and 514A-65. The Escrow Agreement is dated October 16, 1985, and identifies First Hawaiian Bank as the Escrow Agent for the handling of purchase money for apartment sales.

It is incumbent upon the purchaser and prospective purchaser that he or she read with care these documents. The Escrow Agreement establishes how the proceeds from the sale of apartments are placed in trust, as well as the retention and disbursement of this trust fund. According to this Agreement, downpayment funds may not be released from escrow for the payment of development and construction costs, even though such use is permitted in compliance with the above-noted sections of the Condominium Act. The specimen Sales Contract also determines the time for and the amount of installment payments on the purchase price, and for the payment for all closing costs which are the buyer's obligations.

Prior to the issuance of a final public report, the Contract operates as a reservation only and may be canceled by either the Developer or buyer. A separate written affirmation must be signed by both parties after the final public report is issued to convert the reservation into a binding contract. The documents also provide, in effect, that a buyer shall be entitled to a refund of his or her funds, and Escrow shall pay such funds to a buyer, if:

(a) Escrow receives a written request from Developer to return to buyer the funds of such buyer then held by Escrow; or

(b) If a buyer's funds were obtained prior to the issuance of a final public report and the request is prior to the time the final public report is issued or prior to the time the parties sign a separate written affirmation; or

(c) If a buyer's funds were obtained prior to the issuance of a final public report, then in the event that the parties do sign a separate written affirmation, the buyer nevertheless exercises his or her right to cancel at any time prior to the earlier of (1) the conveyance of the apartment to the buyer, or (2) midnight of the thirtieth (30th) day following the date of delivery of the final public report, provided that the buyer has not previously waived his or her right to cancel; or

(d) If a buyer's funds were obtained after the issuance of a final public report and the buyer exercises his or her right to cancel prior to the earlier of (1) the conveyance of the apartment to buyer or (2) midnight of the thirtieth (30th) day following the date of delivery of the final public report, provided however, that the buyer has not previously waived his or her right to cancel; or

(e) Except for any addition, deletions, or modifications resulting from the merger or phasing of the Condominium as provided for in the Condominium Declaration, the Sales Contract, and Apartment Deed, the buyer shall have the right to rescind the Sales Contract if there is a material change in the Condominium which directly, substantially and adversely affects the use of value of (1) such buyer's apartment or appurtenant limited common elements, or (2) those amenities of the Condominium available for such buyer's use, unless the buyer has waived his or her rights of rescission or deemed to have waived such rights.

In the specimen Sales Contract, the Developer also promises to complete the Condominium no later than two years from the date a final public report is issued. The 2-year period is subject to extensions of time only for the occurrence of any event outside of the Developer's control that makes performance by the Developer within this period impossible as a matter of Hawaii law.

By signing a Sales Contract, each buyer, among other things, will: (1) warrant that he or she has the ability to pay the purchase price for the apartment either from his or her own funds and/or the proceeds of a loan that the buyer promises he or she can obtain and that obtaining such a loan is the buyer's sole responsibility, even if the Developer has made arrangements with a lender generally to provide financing; and (2) acknowledge, consent and agree that all mortgage liens and other security interests obtain by the construction lender in connection with the construction loan (as well as any extensions, renewals and modifications of that loan) will be and remain at all times a lien or charge on the Condominium prior to and superior to any and all liens or charges arising from the Sales Contract or any other sale and/or reservation agreement with the buyer. In addition, among other things, the specimen Sales Contract contains provisions which: (3) permit the Developer to keep the buyer's payment deposits under certain circumstances if the Developer cancels a contract due to buyer's default; (4) provide for "preclosing" of the Sales Contract; (5) provide the right for the Developer to change the Condominium Documents; (6) provide that all interest earned on buyer's funds will belong to the Seller; (7) limit warranties the buyer will receive -- see the attached Condominium Disclosure Abstract; (8) limit assignment of the Sales Contract; and (9) cover many other important matters that are not described in this Report.

By signing a Sales Contract and an Apartment Deed, each Buyer, among other things, also will consent and agree to the phased development of adjoining lands and the merger of such phases with this Condominium, as discussed above under the heading PHASED DEVELOPMENT AND MERGER OF PHASES, and at the Developer's request, to execute additional documents and to do such other things necessary or convenient therefor. Buyer also will appoint the Developer as the Buyer's attorney-in-fact to execute such documents and do such other things, and to hold the buyer's "Owner's duplicate certificate" for his or her apartment and to have such documents noted thereon.

Apartment unit purchasers and prospective purchasers should read all provisions of the specimen Sales Contract and Apartment Deed and the Escrow Agreement with care.

MANAGEMENT AND OPERATION OF THE CONDOMINIUM: The proposed Condominium Declaration and By-Laws state that the Association of Apartment Owners (the "Association") has the power and duty to manage the common elements of the Condominium and to administer its overall affairs.

Administration of the Condominium will be governed by the Condominium Documents, as they may be amended from time to time. Such amendments may include an amendment or amendments made by the Developer in connection with any merger of phases or by an FHA Regulatory Agreement that the Developer may execute and record; also administration will be governed by the Declaration for Joint Use. For information on all these matter, refer back to the information under the heading PHASED DEVELOPMENT AND MERGER OF PHASES.

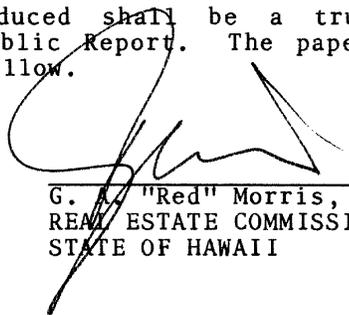
The Board of Directors of the Association may employ a management agent to perform such duties as the Board authorizes, including the collection of all assessments from apartment owners. The specimen Sales Contract states that the Developer, acting on behalf of the Association, has the authority to appoint an initial responsible corporate management agent. The Developer intends to select Chaney Brooks & Company, whose principal place of business and mailing address is 606 Coral Street, Honolulu, Hawaii 96815, as the initial managing agent.

STATUS OF PROJECT: The Notice of Intention submitted by the Developer reflects that a building permit for the Condominium has not yet been obtained and that construction has not yet commenced. The estimated date of commencement of construction is May, 1986 and the estimated date of substantial completion of the Condominium is given as October, 1986.

The buyer or prospective buyer should be cognizant of the fact that this published report represents information disclosed by the Developer in the required Notice of Intention submitted on November 19, 1985, and additional information subsequently filed as of December 10, 1985.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1720 filed with the Commission on November 19, 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. "Red" Morris, Chairman
REAL ESTATE COMMISSION
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Registration No. 1720

December 19, 1985