

# 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 RESIDENCE AT PUNAHOU  
1512 Halekula Way  
Honolulu, Oahu, Hawaii

REGISTRATION NO. 1735

### 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: February 12, 1986

Expires: March 12, 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 ON JANUARY 31, 1986 AND INFORMATION SUBSEQUENTLY FILED AS OF FEBRUARY 5, 1986. 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. THE RESIDENCE AT PUNAHOU is a proposed condominium project (hereinafter called the "Project") consisting of a single four-story building, without basement, containing a total of twenty-four (24) residential apartments, together with other improvements, all to be built in accordance with floor plans filed with the Real Estate Commission. The Project will also contain five (5) regular size, uncovered parking stalls, two (2) compact size, uncovered parking stalls, nine (9) regular size, covered parking stalls, and nineteen (19) compact size, covered parking stalls. Certain of the parking stalls are tandem parking stalls, as shown on the Condominium Map.

2. The Developer of the Project has submitted to the Commission for examination all documents considered necessary for the registration of this condominium project and issuance of this Preliminary Public Report. The Developer will be responsible for placing this Preliminary Public Report (yellow paper stock) and Disclosure Abstract in the hands of all purchasers and prospective purchasers. The Developer will also be responsible for obtaining a signed copy of the receipt therefor from each purchaser and prospective purchaser.

3. The basic documents (the Declaration of Horizontal Property Regime, the By-Laws of the Association of Apartment Owners, and the Condominium Map) have not yet been recorded in the Bureau of Conveyances of the State of Hawaii.

4. No advertising or promotional material has been submitted pursuant to the rules and regulations issued by the Real Estate 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 of the Hawaii Real Estate Commission which relate to horizontal property regimes.

6. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, February 12, 1986, unless a Supplementary or a Final Public Report is issued or unless the Commission, upon review of the registration, issues an order extending the effective period of this report.

NAME OF PROJECT: THE RESIDENCE AT PUNAHOU

LOCATION: The Project is located at 1512 Halekula Way, Honolulu, Hawaii, on approximately 17,389 square feet of land.

TAX KEY: First Division: 2-8-12-57 and 65

ZONING: A-3

DEVELOPER: The Residence at Punahou, Inc., a Hawaii corporation, whose principal place of business and post

office address is 1188 Bishop Street, Suite 2002, Honolulu, Hawaii 96813. The current officers of the corporation are as follows:

Dickie H. Goh	President
L. Richard Fried, Jr.	Vice President
Russell H. Lee	Secretary and Treasurer

ATTORNEY REPRESENTING DEVELOPER: Goodsill Anderson Quinn & Stifel (Robert F. Hirano), 1600 Bancorp Tower, Financial Plaza of the Pacific, 130 Merchant Street, Honolulu, Hawaii 96813 (Telephone No. 547-5600).

DESCRIPTION OF THE PROJECT: The proposed Declaration of Horizontal Property Regime (the "Declaration") and the plans (the "Condominium Map") submitted by the Developer indicate that the Project will contain a four-story building, without basement, five (5) regular size, uncovered parking stalls, two (2) compact size, uncovered parking stalls, nine (9) regular size, covered parking stalls, and nineteen (19) compact size, covered parking stalls, all as shown on the Condominium Map. Certain of the parking stalls are tandem parking stalls, as shown on the Condominium Map. The building will be constructed primarily of reinforced concrete, plasterboard, wood, glass and allied construction materials.

1. Apartments.

(a) The apartments consist of the space within the perimeter walls, floors and ceilings of each of the twenty-four (24) apartments in the Project, as shown on the Condominium Map.

(b) The twenty-four (24) apartments in the Project are identified by apartment number and apartment type on the Condominium Map and are located in the Project as shown on the Condominium Map. There are two (2) one-bedroom apartments and twenty-two (22) two-bedroom apartments in the Project. The floor plans of each of the apartments are as shown on the Condominium Map. Subject to the provisions of Section R of the Declaration, the apartments are described as follows:

The Type A apartment will have two (2) bedrooms, one (1) bathroom, a living/dining room, and a kitchen.

Each Type B apartment will have two (2) bedrooms, one (1) bathroom, a living/dining room, and a kitchen.

Each Type BR apartment will have two (2) bedrooms, one (1) bathroom, a living/dining room, and a kitchen.

The Type C apartment will have two (2) bedrooms, one (1) bathroom, a living/dining room, and a kitchen.

The Type D apartment will have two (2) bedrooms, one (1) bathroom, a living/dining room, and a kitchen.

The Type E apartment will have two (2) bedrooms, one (1) bathroom, a living/dining room, and a kitchen.

Each Type F apartment will have two (2) bedrooms, one (1) bathroom, a living/dining room, and a kitchen.

Each Type FR apartment will have two (2) bedrooms, one (1) bathroom, a living/dining room, and a kitchen.

The Type G apartment will have two (2) bedrooms, one (1) bathroom, a living/dining room, and a kitchen.

The Type H apartment will have two (2) bedrooms, one (1) bathroom, a living/dining room, and a kitchen.

The Type I apartment will have one (1) bedroom, one (1) bathroom, a living/dining room, and a kitchen.

Each Type J apartment will have two (2) bedrooms, one (1) bathroom, a living/dining room, and a kitchen.

Each Type JR apartment will have two (2) bedrooms, one (1) bathroom, a living/dining room, and a kitchen.

The Type K apartment will have two (2) bedrooms, one (1) bathroom, a living/dining room, and a kitchen.

The Type L apartment will have one (1) bedroom, one (1) bathroom, a living/dining room, and a kitchen.

(c) Subject to the provisions of Section R of the Declaration, each apartment will have the number of rooms and approximate net living floor area in square feet as set forth in Exhibit "1" attached hereto.

The approximate net living floor areas set forth in Exhibit "1" are based on measurements taken from the interior surface of all perimeter walls, except that no reduction is made to account for interior walls, ducts, vents, shafts, stairways and the like located within the perimeter walls. All floor areas set forth in Exhibit "1" are not exact but are approximations based on the floor plans of each type of apartment. All floor areas set forth in Exhibit "1" have also been rounded to the next lowest full square foot where the approximation of such floor areas exceed a square foot by any fraction of a square foot.

The measurements set forth in Exhibit "1" do not follow the designation of the limits of the apartments (the legally designated areas of the apartments) set forth below and the floor areas set forth in Exhibit "1" may be greater than the floor areas of the apartments as so designated and described below.

(d) Each of the apartments will have immediate access to the walkways, corridors and/or stairways which lead to the other common areas of the Project.

(e) Notwithstanding the floor areas set forth in Exhibit "1" and the manner in which such floor areas are measured, the respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls or partitions, the foundations, columns, girders, beams, floor slabs, footings, supports, roof and ceilings located within or at the perimeter of or surrounding such apartment, any pipes, wires, vents, shafts, ducts, conduits or other utility or service lines or enclosed spaces for wiring, pipes or air exhaust running through or otherwise located within such apartment which are utilized for or serve more than one apartment, all of which are deemed common elements as hereinafter provided. Each apartment shall be deemed to include all of the walls and partitions which are not load-bearing and which are within its perimeter walls, the inner decorated or finished surfaces of all walls, floors, roof and ceilings; all windows, window frames, louvers (if any), shutters (if any), doors and door frames along the perimeter of the apartment; and all of the fixtures and appliances originally installed therein, including the floor coverings (if any), refrigerator, dishwasher, range/oven, sinks, disposal, water heater and bathroom fixtures.

(f) The proposed Declaration of Horizontal Property Regime provides that notwithstanding any other provision in the Declaration to the contrary, the owner of an apartment may make any alterations or additions within an apartment and the owner of any two adjoining apartments may alter or remove all or portions of the intervening walls, at such owner's expense, if such alterations or additions are not visible from the exterior of the apartments and if the structural integrity of the building is not thereby affected. The alterations or additions permitted by the immediately preceding proviso shall require only the written approval thereof, including approval of the apartment owner's plans therefor, by the holders of first mortgage liens affecting such apartment (if the lien holders require such approval), by the appropriate agencies of the State of Hawaii and the City and County of Honolulu if such agencies so require, by the Board of Directors of the Association (which approval shall not be unreasonably or arbitrarily withheld or delayed), and by all other apartment owners thereby directly affected (as determined in a reasonable manner by the Board of Directors of the Association) and such alterations or additions may be undertaken without an amendment to the Declaration or recording of a complete set of floor plans of the Project as so altered. Prior to the termination of the common ownership of any two adjoining apartments, if the intervening walls shall have been altered or removed pursuant to the foregoing provision and any entrances sealed, the owner of such apartment shall restore such intervening walls and entrances to substantially the same

condition in which they existed prior to such alteration or removal.

(g) The proposed Declaration of Horizontal Property Regime provides that notwithstanding any other provision in the Declaration to the contrary, prior to (i) the time that all apartments in the Project have been sold and recorded, and (ii) the filing by the Developer of the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of said Horizontal Property Act (but in no event later than December 31, 1997), the Developer shall have the right to make alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any apartment (and the limited common elements appurtenant thereto) in the Project which is not sold and recorded; or to make other alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which make minor changes in any apartment in the Project or the common elements which do not affect the physical location, design or size of any apartment which has been sold and recorded; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in Paragraph 3 of Section S of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project, and the recording in the Bureau of Conveyances of the State of Hawaii of apartment conveyances transferring interests in the apartments from the Developer to parties not signatory to the Declaration.

COMMON ELEMENTS: The proposed Declaration of Horizontal Property Regime states that the common elements will include all the remaining portions of the Project (other than the apartments). The common elements will include, for example:

- (a) The Land in fee simple;
- (b) All foundations, columns, girders, beams, footings, floor slabs, supports, unfinished perimeter, party and load-bearing walls and partitions, roof, stairways, walkways, corridors, elevator, lobby areas, ramps, fences (if any), entrances, entryways and exits of the Project;
- (c) All walkways, roadways, sidewalks, retaining walls (if any), fences, gates, driveways, parking areas, loading zones, yards, grounds, landscaping, refuse areas, storage lockers, and mailboxes;
- (d) All pipes, cables, conduits, ducts, sewer lines, sewage treatment equipment and facilities (if any), electrical equipment, wiring and other central and appurtenant transmission facilities and installations over,

under and across the Project which serve more than one apartment for services such as power, light, gas (if any), sewer, water, telephone and television signal distribution (if any);

(e) The five (5) regular size, uncovered parking stalls, the two (2) compact size, uncovered parking stalls, the nine (9) regular size, covered parking stalls, and the nineteen (19) compact size, covered parking stalls located in the Project, all as shown on the Condominium Map; and

(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, and such apartments shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

(a) Each of the parking stalls shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit "1" attached hereto;

(b) Each of the storage lockers shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit "1" attached hereto.

INTEREST TO BE CONVEYED TO BUYER: Except as otherwise provided in Section R or in any other Section of the Declaration, each apartment shall have appurtenant thereto an undivided percentage interest in the common elements of the Project, hereinafter referred to as the "common interest", and the same proportionate share in all common profits and expenses of the Project and for all other purposes, including voting, as set forth in Exhibit "1" attached hereto.

Each apartment and its appurtenant undivided interest in the common elements will be conveyed to the purchaser by an apartment deed (herein sometimes referred to as an "apartment conveyance").

EASEMENTS: In addition to any easements described in Exhibit "A" attached to the Declaration and to the exclusive easements established in the limited common elements, the apartments and common elements shall also have and be subject to the following easements:

1. Each apartment shall have appurtenant thereto nonexclusive easements in the common elements designed for such purposes for ingress to, egress from,

utility services for and support, maintenance and repair of such apartment; in the other common elements for use according to their respective purposes; and in all other apartments and common elements of the building for support.

2. If any part of the common elements now or hereafter encroaches upon any apartment or limited common element, or if any apartment now or hereafter encroaches upon any other apartment or upon any portion of the common elements, a valid easement for such encroachment and the maintenance thereof shall and does exist so long as such encroachment continues. In the event the building shall be partially or totally destroyed and then rebuilt, minor encroachments of any parts of the common elements or of any apartment due to such construction shall be permitted and valid easements for such encroachments and the maintenance thereof shall exist for so long as such encroachment exists.

3. The Association of Apartment Owners of the Project shall have the right, to be exercised by its Board of Directors or the Managing Agent, to enter each apartment and/or the limited common elements from time to time during reasonable hours as may be necessary for the operation of the Project, for making emergency repairs therein necessary to prevent damage to any apartments or common elements or for the inspection, installation, repair, maintenance or replacement of any common elements.

4. The Association of Apartment Owners of the Project shall have the right, exercisable by its Board of Directors to grant, convey, transfer, cancel, relocate and otherwise deal with any easements over, under, across or through the common elements of the Project for any reasonable purpose, which may include, but shall not be limited to, those purposes which are necessary to the operation, care, upkeep, maintenance or repair of any apartment, the common elements or any easements for utilities or for any public purpose.

5. The Association of Apartment Owners of the Project shall have the right, exercisable by its Board of Directors, to transfer, cancel, relocate and otherwise deal with any easement over, under, across or through any lands adjacent to the Project, which may be appurtenant to the Land of the Project, for any reasonable purpose, which may include, but shall not be limited to, any of the same purposes set forth in Paragraph 4 above or for the reason that any owner of any such lands adjacent to the Project exercises any right to require the relocation of any such easement.

6. The Developer shall have the right to conduct extensive sales activities on and at the Project, including the use of model apartments, sales and management offices, and extensive sales displays and activities until the earlier to occur of: (i) December 31, 1997; or

(ii) the closing of the sale of the last unsold apartment in the Project.

7. The Developer, its agents, employees, contractors, licensees, successors and assigns shall have an easement over and upon any portion of the Project, including the common elements and any apartment, as may be reasonably necessary for the completion of any improvements to and correction of defects and other punchlist items in the common elements or any apartment.

8. The Developer, its successors and assigns shall have easements for access purposes, for electrical, gas, communications and other utility purposes, and for sewer, drainage and water facilities over, under, across, along and through the Land, together with the right to designate easements for the aforesaid purposes, if necessary, and to grant to the State of Hawaii, the City and County of Honolulu, the Board of Water Supply of the City and County of Honolulu, any other appropriate governmental agency and/or any public utility or other corporation, easements for any such purposes over, under, across, along and through the Land under the usual terms and conditions required by the grantee of such easement rights; provided, however, that such easement rights must be exercised in such manner as to not unreasonably interfere with the use of the Land by the apartment owners and those claiming by, through or under the apartment owners, and in connection with the installation, maintenance or repair of any facilities pursuant to any of said easements the Land shall be promptly restored by and at the expense of the person owning and exercising such easement rights to substantially the condition of the Land immediately prior to the exercise thereof; and the acceptance or acquisition by any party of any interest in the Project shall constitute an undertaking and agreement by such party (a) to join in and execute, upon request, any and all documents designating and/or granting any such easements, and (b) to perform and carry out at such party's expense, or to cause the Association of Apartment Owners to perform and carry out as a common expense, any obligation in any such grant of easement rights, or in any grant of easement specifically referred to in the Declaration, with respect to providing and maintaining any screening or landscaping or similar requirement as to facilities within the Land which may now or hereafter be required by law, ordinance or governmental agency, and (c) to indemnify and hold harmless the Developer and its successors and the grantee under any such grant of easement from all loss or liability arising from any breach of these undertakings and agreements.

PURPOSES AND RESTRICTIONS AS TO USE: The proposed Declaration of Horizontal Property Regime provides that:

1. The apartments shall at all times be used only for residential purposes.

2. The Association of Apartment Owners of the Project and any apartment owner shall not suffer anything

to be done or kept in his apartment or elsewhere in the Project which will (a) jeopardize the soundness of the building, (b) interfere with or otherwise unreasonably disturb the rights of other owners and occupants, (c) obstruct any lobby area, walkway, stairway or corridor of the building, (d) increase the rate of fire or extended coverage insurance on the building or the contents thereof, or (e) reduce the value of the building.

3. Except as otherwise expressly provided in Section R of the Declaration, an apartment owner shall not, without the prior written consent of the Board of Directors of the Association, make any structural alteration in or additions to the apartment, make any interior alterations in or additions to the apartment visible from the exterior of the apartment, or make any alterations in or additions to the exterior of the apartment or to any other portion or portions of the common elements.

4. Notwithstanding anything contained hereinabove to the contrary, the Developer shall have the right to conduct extensive sales activities at and in the Project, including the use of model apartments, sales and management offices, and extensive sales displays and activities as set forth in Paragraph 6 of Section F of the Declaration.

The proposed Rules and Regulations provide, in part, that: (1) no livestock, poultry, rabbits or other animals whatsoever shall be allowed or kept in any part of the Project except that dogs, cats and other household pets in reasonable number and size as determined by the Board may be kept by the apartment owners and occupants in their respective apartments, subject to the conditions and restrictions contained in the Rules and Regulations; and (2) no waterbeds of any nature are allowed in any apartment without prior written approval of the Board.

OWNERSHIP OF TITLE: The Commitment For Title Insurance issued by T. I. of Hawaii, Inc., dated November 22, 1985, shows that the Land is owned in fee simple by the Developer.

ENCUMBRANCES AGAINST TITLE: The Commitment For Title Insurance issued on January 22, 1986, prepared by T. I. of Hawaii, Inc., identifies the following encumbrances against the Land:

1. For any real property taxes that may be due and owing, reference is made to the Office of the Tax Assessor of the City and County of Honolulu.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Mortgage dated April 22, 1985, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 18585 at Page 668.

NOTE: The Developer has notified the Commission that at the time of the first conveyance of each apartment, the mortgage instrument described in item 3 above will be paid and satisfied of record, or the apartment being conveyed and its common interest shall be released therefrom.

PARK DECLARATION: The proposed Declaration of Horizontal Property Regime provides that all present and future apartment owners, tenants and occupants of apartments shall be bound by and subject to the provisions of that certain Declaration of Restrictive Covenants (Private Park) recorded or to be recorded in the Bureau of Conveyances of the State of Hawaii (the "Park Declaration"). The Park Declaration, provides, among other things, that the park area, as shown on the Condominium Map, shall be improved, maintained and used exclusively for private park, playground and recreational purposes by the owner, occupants, and tenants of the apartments in the Project.

PURCHASE MONEY HANDLING: A specimen Reservation and Sales Agreement (the "Sales Agreement"), a specimen V. A. Addendum to Reservation and Sales Agreement (applicable only to purchasers who are eligible and apply for Veteran's Administration guaranteed loans), and a copy of the executed Escrow Agreement dated January 7, 1986, between T. I. of Hawaii, Inc., a Hawaii corporation, as "Escrow", and the Developer, as "Seller", have been submitted to the Real Estate Commission as part of this registration. Upon examination, the specimen Sales Agreement and the executed Escrow Agreement are found to be in compliance with Chapter 514A, Hawaii Revised Statutes, as amended, and particularly Sections 514A-37, 514A-39, 514A-63, and 514A-105.

Among other provisions, the Escrow Agreement provides that:

1. All monies received by Escrow under the Escrow Agreement will be deposited within a reasonable time of their receipt by Escrow and in reasonably convenient and practical sums in a special account or accounts with a federally insured bank or savings and loan association in Honolulu, Hawaii. The accounts must provide for interest at the prevailing interest rate, and all interest paid on the accounts will belong to Seller.

2. Disbursements from the purchaser's escrow fund shall be made by Escrow in accordance with the respective sales contracts upon the direction of Seller.

Among other provisions, the specimen Sales Agreement provides that:

1. A Sales Agreement executed prior to the issuance of a Final Public Report for the Project shall constitute a "reservation" and not a "binding contract" for the purchase of an apartment. Accordingly, the reservation may be canceled and terminated at any time at the option of either party (and purchaser shall receive a refund)

until a Final Public Report is issued on the Project, the purchaser signs a receipt for the Final Public Report (or is deemed to have received for it under the Horizontal Property Act), and each of the conditions set forth in Section 514A-62(a) of the Horizontal Property Act have been satisfied. Therefore, the purchaser should be aware that the execution of a Sales Agreement prior to the issuance of a Final Public Report does not necessarily mean that the purchaser will be able to purchase the reserved apartment for the price or on the other terms stated in the Sales Agreement, or on any terms at all.

2. (a) Seller warrants the materials and workmanship of the Apartment against defects for a period of one (1) year from the Closing Date or the date of occupancy (whichever first occurs). For purposes of the foregoing warranty, "defects" shall be those items reasonably requiring the repair, renovation, restoration, or replacement of any of the components constituting the Apartment. Items of maintenance relating to the Apartment are not covered by the foregoing warranty.

(b) Seller warrants the materials and workmanship of the common elements of the Project against defects for a period of two (2) years from the date each of the common elements is completed and available for use by apartment owners, or two (2) years from the date the first apartment in the Project is conveyed to an apartment owner other than Seller, whichever is later. For purposes of the foregoing warranty, "defects" shall be those items reasonably requiring the repair, renovation, restoration, or replacement of any of the components constituting the common elements of the Project. Items of maintenance relating to the common elements of the Project are not covered by the foregoing warranty.

(c) Seller's obligations under the foregoing warranties are expressly conditioned on prompt notification by Buyer to Seller of any defects in the materials or workmanship, and are expressly limited to the repair or replacement of defects.

3. Seller may (but doesn't have to) cancel the Sales Agreement (a) if the purchaser's mortgage loan application is rejected or not approved within 30 days after application, or (b) if the purchaser plans to pay the purchase price in cash but Seller is not satisfied for any reason with the purchaser's ability to make the cash payments.

4. PURCHASER AGREES THAT NO ONE (INCLUDING THE SELLER OR ANY SALESPERSON) HAS TALKED TO PURCHASER AT ALL ABOUT ANY RENTAL INCOME OR RENTAL OR SALES SERVICES FOR PURCHASER'S APARTMENT. IF PURCHASER WANTS TO RENT OR SELL THE APARTMENT, HOW PURCHASER DOES IT WILL BE UP TO PURCHASER. PURCHASER ALSO AGREES THAT NO ONE HAS TALKED TO PURCHASER AT ALL ABOUT INCOME FROM THE APARTMENT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE PURCHASE OR OWNERSHIP OF THE APARTMENT OR ABOUT THE TAX EFFECTS OF

BUYING THE APARTMENT (EXCEPT THAT PURCHASER MAY BE ENTITLED TO INCOME TAX DEDUCTIONS FOR MORTGAGE INTEREST PAYMENTS AND REAL ESTATE TAXES).

PURCHASER AGREES THAT SELLER MAY, AS A REQUIREMENT FOR CLOSING, REQUIRE PURCHASER, ANY SALES PERSON, OR ANYONE ELSE CONNECTED WITH THE OFFER TO SELL AND THE SALE OF THE APARTMENT, TO SIGN ADDITIONAL DOCUMENTS TO SATISFY SELLER THAT THE OFFER TO SELL AND THE SALE OF THE APARTMENT IS NOT IN VIOLATION OF ANY SECURITIES LAWS. PURCHASER AGREES THAT IF SELLER DETERMINES THAT THERE HAS BEEN A VIOLATION OF ANY SECURITIES LAWS, SELLER'S INJURY CAUSED BY SUCH VIOLATION WILL BE UNCERTAIN AS TO NATURE AND AMOUNT AND WILL BE DIFFICULT AND EXPENSIVE TO DETERMINE. BECAUSE OF THIS, PURCHASER AGREES THAT SELLER MAY OBTAIN AN INJUNCTION (IN OTHER WORDS, A COURT ORDER) FROM A COURT PROHIBITING ANY ACTS BY PURCHASER WHICH GIVE RISE TO SUCH VIOLATION. SELLER MAY ALSO PURSUE ANY OTHER REMEDY AGAINST PURCHASER, INCLUDING SEEKING MONEY DAMAGES. ALL OF SELLER'S COSTS, INCLUDING REASONABLE LAWYERS' FEES, INCURRED BECAUSE OF PURCHASER'S ACTIONS IN VIOLATION OF ANY SECURITIES LAWS, WILL BE PAID BY PURCHASER.

PURCHASER ALSO AGREES THAT IF PURCHASER CLAIMS THAT THERE HAS BEEN ANY VIOLATION OF ANY FEDERAL OR STATE DISCLOSURE LAWS (INCLUDING HRS CHAPTER 514A) CONNECTED WITH THE OFFER OR SALE OF THE APARTMENT, THE INJURY CAUSED BY SUCH VIOLATION WILL BE DIFFICULT AND EXPENSIVE TO DETERMINE. BECAUSE OF THIS, PURCHASER AGREES THAT PURCHASER'S ONLY REMEDY WILL BE TO SUE FOR A REFUND OF THE TOTAL PURCHASE PRICE AND CLOSING COSTS ACTUALLY PAID, PLUS INTEREST AT THE RATE OF 12% PER YEAR FROM THE FINAL CLOSING DATE UNTIL THE DATE OF REPAYMENT. PURCHASER ALSO AGREES THAT (A) THE REFUND WILL BE CONSIDERED AS LIQUIDATED DAMAGES AND NOT A PENALTY, AND (B) ANY ADDITIONAL AMOUNTS PAID BY PURCHASER FOR THE APARTMENT (SUCH AS MAINTENANCE CHARGES AND OTHER COMMON EXPENSES, REAL PROPERTY TAXES, MORTGAGE LOAN FEES AND INTEREST, AND THE START-UP FEE) WILL BE PAID BY PURCHASER AS THE REASONABLE USE VALUE OF THE APARTMENT FROM THE FINAL CLOSING DATE UNTIL THE DATE OF REPAYMENT.

5. Purchaser will pay for the following closing costs: all of the Escrow fee, all notary fees, all conveyance taxes, all appraisal fees, all recording costs, all charges for purchaser's credit report, all costs of preparing any mortgages and promissory notes, and all title insurance costs. Purchaser will also pay all mortgage costs. Purchaser will also pay a nonrefundable start-up fee which will be held and used by the Seller and the first Managing Agent of the Association as a working capital fund for the benefit of all the apartment owners. Purchaser agrees that Seller doesn't have to pay any start-up fee for any apartment in the Project even if it is owned by Seller. Proration of maintenance charges and other common expenses, and real property taxes will be made as of the scheduled Closing Date.

6. The purchaser agrees that purchaser may not transfer the Sales Agreement or any of purchaser's rights under the Sales Agreement without first getting Seller's written consent (which Seller may withhold in its sole and absolute discretion).

7. Developer has given or may give to one or more lenders a mortgage or mortgages, security agreement or agreements, and other instruments securing repayment of loan(s) and covering Developer's ownership rights in the Project, including the individual apartments. All of the rights and interests which Developer gives to the lender or lenders will have priority over the purchasers' rights and interests under the Sales Agreements. This applies to any changes in the loan or loans or the mortgage or mortgages, security agreement or agreements or other instruments (including, among other things, extensions, renewals and other changes). The purchasers give up and subordinate the priority of their rights and interests under the Sales Agreements in favor of the rights and interests of Developer's lenders until the final closing and delivery of signed apartment deeds to the purchasers. If Developer's lender or lenders ask the purchasers to do so, the purchasers will sign other documents to confirm the promises and agreements mentioned above.

It is important that the purchasers and prospective purchasers read with care the specimen Sales Agreement and the executed Escrow Agreement. The Escrow Agreement describes how the proceeds from the sale of the apartments and any sums received from any source are placed in trust and how the funds will be held, paid out and/or refunded.

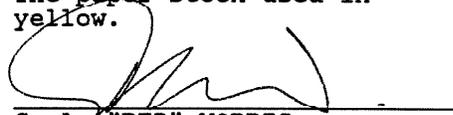
MANAGEMENT AND OPERATION: The proposed By-Laws of the Association of Apartment Owners provide that the operation of the Project will be conducted for the Association of Apartment Owners by a responsible corporate managing agent. The managing agent will be appointed by the Board of Directors on behalf of the Association, in accordance with the By-Laws, except that the managing agent for the initial period following the date of the organization of the Association of Apartment Owners may be appointed by the Developer without the approval of the Association. The Developer has selected Century 21 Realty Specialists Corporation as the initial managing agent, pursuant to Property Management and Agency Agreement dated January 20, 1986.

STATUS OF THE PROJECT: The Developer estimates that construction of the Project will commence in March, 1986.

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The purchaser or prospective purchaser should be aware of the fact that this public report represents information disclosed by the Developer in the Notice of Intention filed on January 31, 1986, and information subsequently submitted as of February 5, 1986.

This PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of Registration Number 1735 filed with the Commission on January 31, 1986.

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

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Federal Housing Administration  
Escrow Agent

Registration No. 1735

Date: February 12, 1986

EXHIBIT "1"

<u>Apt. No.</u>	<u>Apt. Type</u>	<u>Storage Locker No.</u>	<u>Parking Stall No(s).</u>	<u>No. of Rooms in Apt.</u>	<u>Approx. Net Living Floor Area in Sq. Ft.</u>	<u>Common Interest</u>
201	A	201	1 & 2	5	680	4.35%
202	B	202	3 & 4	5	760	4.86%
203	BR	203	5 & 6	5	760	4.86%
204	B	204	30 & 31	5	760	4.86%
205	BR	205	28 & 29	5	760	4.86%
206	B	206	26 & 27	5	760	4.86%
207	C	207	24 & 25	5	722	4.62%
208	D	208	22 & 23	5	678	4.34%
301	E	301	19	5	597	3.82%
302	F	302	9	5	676	4.33%
303	FR	303	11 & 12	5	676	4.33%
304	F	303	13 & 14	5	676	4.33%
305	FR	305	18	5	676	4.33%
306	F	306	17	5	676	4.33%
307	G	307	7 & 8	5	642	4.11%
308	H	308	32	5	595	3.81%
401	I	401	21	4	510	3.26%
402	J	402	10	5	590	3.78%
403	JR	403	16	5	590	3.78%
404	J	404	15	5	590	3.78%
405	JR	405	20	5	590	3.78%
406	J	406	33	5	590	3.78%
407	K	407	34	5	560	3.58%
408	L	408	35	4	508	3.26%