

**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 GARDENS AT PACIFIC HEIGHTS  
2340-2360 Kaola Way  
Honolulu, Hawaii

REGISTRATION NO. 1740

**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: March 10, 1986  
Expired: April 10, 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 FEBRUARY 25, 1986. THE DEVELOPER, BY NOTIFYING THE COMMISSION OF THE INTENTION TO SELL, IS COMPLYING WITH THE REQUIREMENTS OF THE HORIZONTAL PROPERTY ACT SET FORTH IN CHAPTER 514A, HAWAII REVISED STATUTES, AS AMENDED.

1. THE GARDENS AT PACIFIC HEIGHTS is a proposed fee simple condominium project consisting of 11 apartments contained in six separate 3-story buildings. One building will contain one apartment, and each of the other five buildings will contain two

apartments, with a 2-car garage on the ground level of each apartment, decks on the second levels and no basement. Amenities include 5 uncovered surface parking stalls for guests (two of which are for compact cars), landscaping and ground improvements.

2. This Preliminary Public Report is made a part of the registration on THE GARDENS AT PACIFIC HEIGHTS condominium project. The Developer is responsible for placing this Preliminary Public Report (yellow paper stock) and the Disclosure Abstract (a copy of which is attached hereto as Exhibit "A") in the hands of all purchasers and prospective purchasers and for securing a signed Receipt therefor.

3. The Developer of the Project 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.

4. The basic documents (Declaration of Horizontal Property Regime, Bylaws of the Association of Apartment Owners, and a copy of the Floor Plans) have not yet been executed nor filed in the office of the recording officers.

5. The Developer has advised the Commission that advertising and promotional matter required to be filed pursuant to the rules and regulations promulgated by the Commission will be submitted prior to public dissemination.

6. The purchaser or prospective purchaser is advised to acquaint himself with the provisions of Chapter 514A, Hawaii Revised Statutes, as amended, and the Condominium Rules and Regulations which relate to Horizontal Property Regime.

7. This Preliminary Public Report automatically expires thirteen (13) months after the date of issuance, March 10, 1986, unless a Final or Supplementary Public Report issues, or the Commission, upon the review of the registration, issues an order extending the effective period of this report.

NAME OF PROJECT: THE GARDENS AT PACIFIC HEIGHTS

LOCATION: The Project will be located on a 43,700 square foot parcel of land at 2340-2360 Kaola Way, Honolulu, Hawaii.

TAX MAP KEY: 2-2-19:20

ZONING: R-3 Residential District

DEVELOPER: DEVELCO CORPORATION, a Hawaii corporation, with offices at 888 Mililani Street, Suite 808, Honolulu, HI 96813, and whose telephone number is 524-4633. The officers of the corporation are:

Clark B. Morgan, Jr. Chief Executive Officer

Robert T. Bladet	President
William G. Coon	Vice-President
K. Thomas Onishi	Treasurer
Alan H. Honda	Secretary
Ted T. Tsukiyama	Assistant Secretary

ATTORNEY REPRESENTING DEVELOPER: Ezra, O'Connor, Moon & Tam (Attention: Bruce T. Yoshida), 220 South King Street, Suite 2000, Honolulu, Hawaii 96813; Telephone 545-3030.

DESCRIPTION: The proposed Declaration of Horizontal Property Regime reflects that the Project will consist of the following:

1. The Land. The land described as Lots A and B, area 43,700 square feet, as shown on Map 1, filed in the Office of the Assistant Registrar of the Land Court with Land Court Application No. 304, and described in Transfer Certificate of Title Nos. 156,934, 243,484, 258,274 and 260,786 will be submitted in fee simple to the horizontal property regime.

2. The Buildings. The Project will consist of eleven (11) apartment units contained in six (6) separate 3-story buildings. One building will contain one apartment and each of the other five buildings will contain two apartments, with a 2-car garage on the ground level of each apartment unit and decks on the second level, with no basements. The buildings will be constructed principally of concrete, wood, plaster and glass.

3. Other Improvements. The Project will also consist of other improvements, including five (5) uncovered surface parking stalls for guests, landscaping and ground improvements.

4. Apartment Spaces.

(a) Layout and Area. There will be a total of eleven (11) 3-bedroom apartments. The ground level of each apartment consists of the following: a driveway, entry walkways, entry, stairway, 2-car garage and a utility room and laundry room. The second level of each apartment consists of the following: stairway, living room, dining room, kitchen, powder room, bathroom, two (2) bedrooms, closets and a deck. The third level of each apartment consists of the following: stairway, master bedroom, den, bathroom, dressing room, closets and a storage area. The ground, first, second and third levels will be connected with an interior stairway. For purposes of condominium documentation, each apartment in the Project contains a total floor area of 2,044 square feet, with net living, deck and garage areas as follows:

Net Living Area (Square Feet)	Deck Area (Square Feet)	Garage Area (Square Feet)
1,600	72	372

The net living area of the enclosed portion of the apartment shall be measured from the interior surface of the apartment perimeter walls. The area of the deck which is considered as part of the apartment is computed separately from the enclosed apartment area.

(b) Limits of Units. The respective apartments shall not include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls, the floor and ceilings surrounding each apartment or any pipes, wires, conduits, ducts, or other utility or service lines and their housing or enclosures running through such apartment which are utilized by or which serve more than one apartment, the same being deemed common elements as hereinafter provided. Each apartment shall be deemed to include all the walls and partitions which are not load-bearing within its perimeter walls, all doors, windows and perimeter glass, the inner decorated or finished surfaces of all walls, floors and ceilings and any built-in fixtures.

(c) Numbering. The apartments shall be evenly numbered consecutively from west to east, beginning with the westernmost apartment at number 2340. Moving east, the next apartment shall be numbered 2342, 2344, 2346, 2348, 2350, 2352, 2354, 2356, and 2358, with the easternmost apartment numbered 2360.

(d) Access to Common Elements. Each apartment has immediate access to the walkways which lead to the common elements.

COMMON ELEMENTS: The common elements will include all portions of the land and improvements in the Project other than the respective apartments and attached 2-car garages, and shall include, but shall not be limited to the following:

(a) The land in fee simple;

(b) All foundations, columns, bearing walls, girders, beams, slabs, roofs, walkways, driveways, and the five guest parking stalls, except as specifically appurtenant to each apartment;

(c) All yards, grounds and landscaped areas;

(d) All ducts, electrical and mechanical equipment, wiring and other central and appurtenant installations including power, light, water, sewer, ventilation, refuse, cable television, if any, and telephone.

(e) All other devices or installations upon the land existing for the common use by all the owners of apartments within the Projects.

(f) The limited common elements described hereinafter.

(g) All tanks, pumps, motors, fans and in general, all apparatus and installations for common use, and all other parts of the Project necessary or convenient to its existence, maintenance or safety and normally in common use;

(h) All other parts of the Project, which are not included in the definition of an apartment space.

LIMITED COMMON ELEMENTS: The proposed Declaration designates certain of the common elements as "limited common elements" which are set aside and reserved for the use of certain apartment spaces, which apartment spaces will have appurtenant thereto an exclusive easement for the use of such limited common elements. The limited common elements so set aside and so reserved are as follows:

(a) Garages. All 2-car garages shall be limited common elements which shall be assigned to each apartment unit attached thereto for the exclusive use of each particular apartment owner.

(b) Mailboxes. The mailbox assigned to an apartment space shall be limited to the use of such apartment space.

(c) Other. All other common elements of the Project which are rationally related to less than all of the apartment spaces shall be limited to the use of such apartment space or apartment spaces to which the same are related.

INTEREST TO BE CONVEYED PURCHASER: The interest to be conveyed to a purchaser will be a fee simple title in and to an apartment and an undivided interest in all common elements of the Project. Each apartment shall have appurtenant thereto a 1/11th undivided interest in all common elements of the Project and the same proportionate share in all common profits and expenses of the Project and for all other purpose, including voting.

PURPOSE AND USE OF THE APARTMENTS: The purpose for which the apartments is intended and restricted as to use is residential as set forth in the proposed Declaration. The proposed Declaration recites that the apartments shall be occupied and used only as dwellings by the respective owners thereof, their tenants, families and social guests, and for no other purpose. The apartments shall not be rented for transient or for 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 apartments are provided customary hotel services, such as room service for food and beverages, maid service, laundry and linen or bellboy service. The apartments shall not be used, leased, rented or any undivided interest therein conveyed for time-sharing purposes or under any time-sharing plan or arrangement. Except for such transient, hotel or time-sharing purposes, the owners of the respective apartments shall have the absolute right to lease such apartments subject to all provisions of this Declaration. NOTE: No House Rules have been submitted as of this date.

OWNERSHIP TO TITLE: A Status Title Report issued by Title Guaranty of Hawaii, Incorporated, dated January 28, 1986, states that an option to take title to the land committed to the Project is vested in Develco Corporation, the Developer herein.

ENCUMBRANCES AGAINST TITLE: The aforementioned Status Title Report identifies the following encumbrances on the land:

1. Real Property Taxes.  
Tax Key: 2-2-019-020
  
2. UNRECORDED OPTION AGREEMENT dated November 1, 1985, made by and between NATALIE FUMIE HIGA, unmarried, SOICHI UEHARA and ANGELA MAEDA UEHARA, husband and wife, NAOMITSU TAJIMA and AUDREY MAEDA TAJIMA, husband and wife, CHIYOKO TAKAMIYA MAEDA, wife of Sosaburo Maeda, ALICE KIKUE UYEHARA, wife of Jimmy Takeo Uyehara, PHYLLIS KIMIE GOYA, wife of Roy Kosuke Goya, JANET EIKO CHINEN, wife of Ernest Jenmei Chinen, KAREN FUMIE NAKAMATSU, wife of David Yahiku Makamatsu, and KATHLEEN SACHIKO LEE, wife of Russell Dwight Lee, "Optionor", and HARVIS CONSTRUCTION, INC., a Hawaii corporation, "Optionee", of which a short form is dated January 8, 1986, filed as Land Court Document No. 1348496, by and between said above Optionor and Optionee. Optionor does hereby give and grant to Optionee an exclusive option to purchase from Optionor Lots A and B, said option to be exercised by Optionee not later than September 30, 1984, or not later than March 30, 1987.

Said above Option Agreement was assigned to DEVELCO CORPORATION, a Hawaii corporation, by instrument dated January 8, 1986, filed as Document No. 1348497. Consent given by the Optionor by instrument filed as Document No. 1348498.

For real property taxes as may be due and owing inquiry should be made with the Department of Finance, Real Property Assessment Division, City and County of Honolulu.

PURCHASE MONEY HANDLING: An Escrow Agreement dated December 4, 1985, has been executed and a copy of the same has been filed with the Commission. The Escrow Agent is Title Guaranty Escrow Services, Inc. Upon examination, the specimen Deposit, Receipt and Sales Contract and the executed Escrow Agreement are found to be consonant with Chapter 514A, Hawaii Revised Statutes, as amended, and particularly Sections 514A-40, 514A-39, and 514A-63 through 66.

Among other provisions, the specimen Deposit, Receipt and Sales Contract includes the following:

1. All executed Sales Contracts for the Project shall constitute a "binding contract" for the purchase of an apartment.
  
2. The Seller makes no warranties, express or implied, with respect to the apartments, the Project, or consumer products or other things installed therein, including warranties of merchantability, habitability, workmanlike construction, or fitness for a particular purpose.

3. The Seller may cancel the Sales Contract if Purchaser's application for eligibility for a mortgage loan is rejected or not preliminary approved within thirty (30) days after application.

4. The Purchaser will pay for the costs of credit reports, acknowledgments of Purchaser's signatures on all documents, drafting of Purchaser's mortgage and acknowledgments thereon, mortgage insurance premiums, financing and other fees in connection with Purchaser's mortgage, search of title and title insurance, all recording fees and one-half of the escrow fees.

5. The Purchaser agrees to subordinate his interest under the Deposit, Receipt and Sales Contract and in and to the apartment to the lien of any construction mortgage made by the Seller to finance the cost of the development and construction of the Project.

6. Purchaser further agrees that Seller, its successors and assigns, shall have and the Seller reserves the right to conduct sales activities on the Project, including the use of model apartment unit, sales offices, signs and extensive sales displays and activities, the sale of the last unsold apartment in the Project.

The prospective purchaser's attention is directed particularly to the provision in the Deposit, Receipt and Sales Contract which states:

(a) That Seller and all entities, persons and agents related to or affiliated with Seller have no program at this time nor is any program planned or contemplated to offer a rental service of any kind to the owners of apartments in the Project, either individually or in any form of pooling arrangement, or by a third-party designated or arranged for by Seller, nor have any representations been made by Seller or its agent as to the feasibility of renting the apartment, or otherwise generating income or deriving any other economic benefit from ownership of the apartment.

(b) That Seller and its agent have made no representations (nor is anyone authorized to do so) contrary to this paragraph with respect to either benefits to be derived from the rentals or other tax treatment of any purchaser of an apartment, except as to the availability of income tax deduction for mortgage interest payments and real estate taxes.

The foregoing are only excerpts from certain paragraphs in the Deposit, Receipt and Sales Contract. It is incumbent upon the prospective purchaser that he read with care the entire Deposit, Receipt and Sales Contract and the executed Escrow Agreement. The latter Agreement establishes how the proceeds from the sale of condominium units are placed in trust as well as the retention and disbursement of said funds.

Among other provisions, the Escrow Agreement provides that, the escrow shall deposit any or all funds received and held in escrow in an account with a bank or savings and loan institution designated by Seller and insured by

the federal government. Any and all interest earned on such funds during the holding thereof shall accrue to the credit of the Buyer in accordance with the agreements and instructions contained in the Deposit, Receipt and Sales Contract.

MANAGEMENT AND OPERATIONS: The proposed Bylaws of the Association of Owners vest the Board of Directors with the powers and duties necessary for the administration of the affairs of the Project. The Developer intends to designate Develco Management, Inc., a Hawaii corporation, as its initial managing agent; however, the Developer reports that the management agreement has not yet been executed.

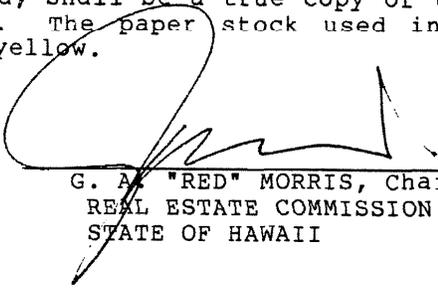
FINANCING OF PROJECT: The Developer has advised the Commission that the cost of the Project will be paid by means of equity funds, construction loan proceeds, and to the extent permitted by law and after meeting all statutory requirements, purchasers' funds. The Developer has advised the Commission that discussions with lending institutions have begun for the necessary construction and permanent financing, but that no commitments have been obtained as yet.

STATUS OF PROJECT: The Developer currently estimates that construction of the Project will commence in April, 1986 and will be completed in August, 1986.

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The purchaser or prospective purchaser should be cognizant of the fact that this Public Report represents information disclosed by the Developer in the required Notice of Intention submitted February 25, 1986.

THIS PRELIMINARY HORIZONTAL PROPERTY REGIMES (CONDOMINIUM) PUBLIC REPORT is made a part of REGISTRATION NO. 1740 filed with the Commission on February 25, 1986.

This report, when reproduced, shall be a true copy of the Commission's Public Report. The paper stock used in making facsimilies 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  
Federal Housing Administration  
Title Guaranty Escrow Services, Inc.

REGISTRATION NO. 1740

DATED: March 10, 1986

EXHIBIT "A"

DEVELOPER'S DISCLOSURE ABSTRACT

1. (a) PROJECT: THE GARDENS AT PACIFIC HEIGHTS, a fee simple condominium project situate at 2340-2360 Kaola Way, Honolulu, Hawaii
- (b) DEVELOPER: DEVELCO CORPORATION, a Hawaii corporation  
 Developer's Agent:  
 Worrall-McCarter, Inc.  
 P. O. Box 10279  
 Honolulu, Hawaii 96816  
 Telephone: (808) 735-2411
- (c) MANAGEMENT: DEVELCO MANAGEMENT, INC., a Hawaii corporation  
 888 Mililani Street, Suite 808  
 Honolulu, Hawaii 96813  
 Telephone: (808) 524-4633

2. ESTIMATED ANNUAL MAINTENANCE FEES AND ESTIMATED MONTHLY COST PER APARTMENT: The following was prepared by Develco Management, based on generally accepted accounting principles.

	<u>MONTHLY</u>	<u>ANNUAL</u>
Management & Accounting	\$ 350.00	\$ 4,200.00
Legal & Audit	200.00	2,400.00
Water & Sewer	100.00	1,200.00
Refuse Collection	180.00	2,160.00
Electricity	160.00	1,920.00
Insurance	335.00	4,020.00
Landscape Maintenance	325.00	3,900.00
TOTAL	<u>\$1,650.00</u>	<u>\$19,800.00</u>
Cost per Unit	\$ 150.00	\$ 1,800.00

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 NOTE: THE DEVELOPER ADVISES THAT THE COSTS AND EXPENSES OF MAINTENANCE AND OPERATION OF A CONDOMINIUM PROJECT ARE DIFFICULT TO ESTIMATE INITIALLY AND EVEN IF SUCH COSTS AND EXPENSES HAVE BEEN ACCURATELY ESTIMATED, THAT SUCH COSTS AND EXPENSES WILL TEND TO INCREASE WITH PRICE INCREASES AND THE INCREASED AGE OF THE FACILITIES.  
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3. NO WARRANTIES: The apartments and common elements in this Project are being sold on an "as is" basis. Developer makes NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS ON THE COMMON ELEMENTS OR APARTMENTS OR ANY FIXTURES, FURNISHINGS OR APPLIANCES INSTALLED THEREIN FOR A PARTICULAR PURPOSE.
4. USE OF APARTMENTS: The eleven (11) apartments in the Project may be occupied and used only for residential purposes. Apartments shall not be used for hotel or time-sharing purposes.

5. NON-RESIDENTIAL DEVELOPMENT: There will be no commercial or non-residential development in the Project, other than the use by the Developer of units owned by the Developer for models, management and/or sales office facilities for the purpose of conducting rental and sales operations within the Project.

DEVELCO CORPORATION,  
a Hawaii corporation

By ROBERT T. BLADET  
Its PRESIDENT

By \_\_\_\_\_  
Its \_\_\_\_\_

STATE OF HAWAII )  
 ) SS.  
CITY AND COUNTY OF HONOLULU )

On this 20<sup>th</sup> day of February, 1986, before me appeared ROBERT T. BLADET ~~and~~ to me personally known, who, being by me duly sworn, did say that ~~they~~ <sup>is</sup> ~~are~~ the President and \_\_\_\_\_ of DEVELCO CORPORATION, a Hawaii corporation; that the seal affixed to the foregoing instrument is the corporate seal of such corporation and that such instrument was signed and sealed on behalf of such corporation by authority of its Board of Directors; and said ROBERT T. BLADET and \_\_\_\_\_ acknowledged such instrument to be the free act and deed of such corporation.

Wanda H. Burns

Notary Public, State of Hawaii

My commission expires: 7-31-87