



**REAL ESTATE COMMISSION  
STATE OF HAWAII**  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
PROFESSIONAL & VOCATIONAL LICENSING DIVISION  
1010 Richards Street  
P. O. Box 3469  
Honolulu, Hawaii 96801

**CONDOMINIUM PUBLIC REPORT**

on  
LANIKAI PLACE  
1586 and 1586-A Mokulua Drive  
Kailua, Hawaii 96734

Registration No. 1871 (CONVERSION)

Issued: August 14, 1987  
Expires: September 14, 1988

**Report Purpose:**

*This report is based on information and documents submitted by the developer to the Real Estate Commission as of July 23, 1987 and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.*

**Type of Report:**

- PRELIMINARY:** (yellow) The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
- FINAL:** (white) The developer has legally created a condominium and has filed complete information with the Commission.  
 Supersedes all prior public reports  
 Must be read together with \_\_\_\_\_
- SUPPLEMENTARY:** (pink) Updates information contained in the  
 Prelim. Public Report dated \_\_\_\_\_  
 Final Public Report dated \_\_\_\_\_  
 Supp. Public Report dated \_\_\_\_\_
- And  Supersedes all prior public reports  
 Must be read together with \_\_\_\_\_
- This report reactivates the \_\_\_\_\_  
public report(s) which expired on \_\_\_\_\_

**Disclosure Abstract:** Separate Disclosure Abstract on this condominium project:

Required                       Not Required -- disclosures covered in this report.

**Summary of Changes from Earlier Public Reports:**

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the Commission.

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## GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's "Horizontal Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

Common elements are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called limited common elements and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged, or encumbered, and they may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Some condominium projects are leasehold. This means that the land or the land, building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owner/tenant) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements. The leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

### Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.

**SUMMARY OF THE CONDOMINIUM PROJECT**

(cite to appropriate pages  
in text of report)

**Interest to be Conveyed to Buyer:**

Apartment and an undivided interest in the underlying land and common elements will be in fee simple.

**Type of Project:**

- 1.  New Building(s)  Conversion  
 Both New Building(s) and Conversion
- 2.  Residential  Commercial  
 Mixed Residential and Commercial  
 Other \_\_\_\_\_
- 3.  High Rise (5 stories or more)  Low Rise
- 4.  Single or  Multiple Buildings
- 5. Apartment Description

<u>Apt. Type</u>	<u>Qty</u>	<u>BR/Bath</u>	<u>Net Living Area*</u>	<u>Lanai/Patio</u>
Unit 1586	1	3/3	1,860 sq.ft.	0
Unit 1586-A	1	3/2	1,244 sq.ft.	334 sq.ft. (open deck)
_____	_____	_____	_____	40 sq.ft. (storage)
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

\*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

**6. Parking:**

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	4 (each unit has a 2-car garage)
Guest Stalls	0
Unassigned Stalls	0
Extra Stalls Available for Purchase	0
Other: _____	0
<b>Total Parking Stalls</b>	<b>4</b>

**7. Recreational amenities:**

None



**II. CREATION OF THE CONDOMINIUM;  
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Horizontal Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

- A. **Declaration of Horizontal Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

Proposed  
 Recorded – Bureau of Conveyances – Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed – Land Court – Document Number 1480190

Amendment date(s) and recording/filing information:

- B. **Condominium Map (File Plan)** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed  
 Recorded – Bureau of Conveyance Condo Map No. \_\_\_\_\_  
 Filed – Land Court Condo Map No. 635

Amendment date(s) and recording/filing information:

- C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the way in which meetings will be conducted, and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed  
 Recorded – Bureau of Conveyances – Book \_\_\_\_\_ Page \_\_\_\_\_  
 Filed – Land Court – Document Number 1480191

Amendment date(s) and recording/filing information:

D. **House Rules.** The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial house rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed       Adopted

Developer does not plan to adopt house rules.

E. **Changes to Condominium Documents**

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. **Apartment Owners:** Minimum percentage of apartment owners who must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>100%</u>
Bylaws	65%	<u>100%</u>
House Rules	—	<u>100%</u>

The percentages for individual condominium projects may be more than the minimum set by law.

2. **Developer:** The developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws, or House Rules:

None

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the underlying land will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the underlying land will be leasehold.

The leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit \_\_\_\_\_ contains further explanations.

Lease Term Expires: \_\_\_\_\_  
Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:    Monthly                                    Quarterly  
                                  Semi-Annually                                    Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  
 Month    Year.

- Individual Apartments in Fee Simple, Underlying Land in Leasehold or Subleasehold:

The leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners -- tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit \_\_\_\_\_ contains further explanations.

Lease Term Expires: \_\_\_\_\_  
Rent Renegotiation Date(s): \_\_\_\_\_

Lease Rent Payable:    Monthly                                    Quarterly  
                                  Semi-Annually                                    Annually

Exhibit \_\_\_\_\_ contains a schedule of the lease rent for each apartment per  
 Month    Year.

- Other:

For Subleaseholds:

- Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is  
 Cancelled                                    Foreclosed.
- As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

**B. Underlying Land:**

Address: 1586 and 1586-A Mokulua Drive Tax Map Key: 4-3-1-12  
Kailua, Hawaii 96734 (TMK)

[ ] Address [ ] TMK is expected to change because \_\_\_\_\_

Land Area: 12,427 [ X ] square feet [ ] acre(s) Zoning: R-10

Fee Owner: Cynthia Henry Thielen  
name  
[REDACTED]  
address  
[REDACTED]

Sublessor: \_\_\_\_\_  
name  
\_\_\_\_\_  
address  
\_\_\_\_\_

**C. Buildings and Other Improvements:**

1. [ ] New Building(s) [ X ] Conversion of Existing Building(s)  
[ ] Both New Building(s) and Conversion

2. Buildings: 2 Floors Per Building: 1 and 2

[ ] Exhibit \_\_\_\_\_ contains further explanations.

3. Principal Construction Material:

[ X ] Concrete [ ] Hollow Tile [ X ] Wood

[ ] Other \_\_\_\_\_

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
[ ] Commercial	_____	[ ] Industrial	_____
[ X ] Residential	<u>2</u>	[ ] Agricultural	_____
[ ] Timeshare/Hotel	_____	[ ] Recreational	_____
[ ] Other:	_____		_____

5. Special Use Restrictions:

The Declaration, Bylaws, and House Rules may contain restrictions on the use and occupancy of apartments. Restrictions for this condominium project include but are not limited to:

- Pets:** No livestock, poultry, rabbits or other animals, except dogs, cats  
or other household pets
- Number of Occupants:** \_\_\_\_\_
- Other:** \_\_\_\_\_
- There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 2

Elevators 0                      Stairways 0                      Trash Chutes 0

Apt. Type	Qty	BR/Bath	Net Living Area*	Lanai/Patio
Unit 1586	1	3/3	1,860 sq.ft.	0
Unit 1586-A	1	3/2	1,244 sq.ft.	334 sq.ft. (open deck) 40 sq.ft. (storage)
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

\*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining floor area may have been used.

**Boundaries of Each Apartment:**

Each apartment shall include the exterior surface of the exterior walls; doors and door frames; windows and window frames; roofs; floors; foundations and any appurtenances adjoining or connected thereto.

**Permitted Alterations to Apartments:**

See Exhibit "A" attached hereto and made a part hereof.



9. Present Condition of Improvements

(For conversions of residential apartments in existence for five years):

a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

See Exhibits "B" and "C" attached hereto and made a part hereof.

b. Compliance with Building Code and Municipal Regulations; Cost to Cure Violations

See Exhibit "D" attached hereto and made a part hereof.

10. Conformance to Present Zoning Code

a.  No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

Ohana Building Permit No. 211524 was issued for the two-story building.

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	X	_____	_____
Structures	X	_____	_____
Lot	X	_____	_____

If a variance has been granted or if uses, improvements, or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit "E" describes the common elements.

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which may use them are:

described in Exhibit "F"

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

Exhibit \_\_\_\_\_ describes the common interests for each apartment.

as follows:

Each apartment shall have appurtenant thereto an undivided fifty percent (50%) interest. There are only two apartments and each will have an equal common interest.

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property.

Exhibit "G" describes the encumbrances against the title contained in the title report dated July 16, 1987.

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[ ] There are no blanket liens affecting title to the individual apartments.

[ X ] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
mortgages	Buyer's monies will be refunded in the event Sales Contract is terminated.

F. Management of the Common Elements: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a managing agent to assist the Association in managing the condominium project.

Initial Managing Agent: When the developer or the developer's affiliate is the initial managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial managing agent for this condominium is:

[ ] not affiliated with the Developer.

[ ] the Developer or the Developer's affiliate.

[X ] other The project will be self-managed by the owners.

**G. Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided to each apartment.

Exhibit \_\_\_\_\_ contains a schedule of maintenance fees and maintenance fee disbursements. Each owner will be responsible for the maintenance, repair and replacement of his unit.

**H. Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- |                                      |   |
|--------------------------------------|---|
| <input type="checkbox"/> Electricity | <input type="checkbox"/> Television Cable |
| <input type="checkbox"/> Gas         | <input type="checkbox"/> Water & Sewer    |
| <input type="checkbox"/> Other _____ |   |

**I. Construction Warranties:**

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

**1. Building and Other Improvements:**

None. See Exhibit "H" attached hereto and made a part hereof.

**2. Appliances:**

None. See Exhibit "H" attached hereto and made a part hereof.

**J. Status of Construction and Estimated Completion Date:**

Unit 1586 was constructed in 1944 and  
Unit 1586-A was constructed in 1963.

**K. Project Phases:**

The developer  has  has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's Present Plans for Future Development:

**L. Sales Documents Filed with the Real Estate Commission:**

Sales documents on file with the Real Estate Commission include but are not limited to:

Notice to Owner Occupants

Specimen Sales Contract

Exhibit "I" contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated July 16, 1987

Exhibit "J" contains a summary of the pertinent provisions of the escrow agreement.

Other \_\_\_\_\_

#### IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

##### Flood History

The project, including Apartments, flooded in November 1984 and February 1985. Developer repaired portions of the Apartments, re-sloped portions of the land, constructed masonry walls and repositioned the driveway to Unit 1586-A, and added a new sloped driveway and garage to Unit 1586, expending \$90,000.00 in these protective measures.

**Buyer's Right to Cancel Sales Contract:**

**A. Rights Under the Condominium Statute:**

Preliminary Report: Sales made by the Developer are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

1. The Developer delivers to the buyer a copy of:
  - a. Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report;  
AND
  - b. Any other public report issued by the Commission prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
2. The buyer is given an opportunity to read the report(s); and
3. One of the following has occurred:
  - a. The buyer has signed a receipt for the report(s) and waived the right to cancel; or
  - b. Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
  - c. The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

1. There is a material change in the condominium which directly, substantially, and adversely affects (a) the use or value of the buyer's apartment or its limited common elements; or (b) the amenities available for buyer's use; and
2. The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

**B. Rights Under the Sales Contract:**

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Horizontal Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other \_\_\_\_\_

If these documents are not in final form, the buyer should ask to see the most recent draft.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS and Hawaii Administrative Rules Chapter 16-107) are available at the Department of Commerce and Consumer Affairs.

This Public Report is a part of Registration No. 1871 filed with the Real Estate Commission on July 23, 1987.

Reproduction of Report. When reproduced, this report must be on:

- yellow paper stock                       white paper stock                       pink paper stock

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the date of issuance unless a Supplementary Public Report is issued or unless the Commission issues an order extending the effective period for the report.

Supplementary Public Reports expire on the expiration date given on the front of the report.

  
\_\_\_\_\_  
GLORIA DAMRON, Chairman  
REAL ESTATE COMMISSION  
STATE OF HAWAII

Distribution:

- Bureau of Conveyances
- Department of Finance, City and County of Honolulu
- Planning Department, City and County of Honolulu
- Federal Housing Administration
- Escrow Agent

PERMITTED ALTERATIONS TO APARTMENTS

Paragraph 17 of the Declaration provides as follows:

"17. Alteration of Project. Restoration or replacement of the project or of any building, or construction of any additional building or structural alteration or addition to any structure, different in any material respect from said Condominium Map of the project, shall be undertaken by the Association or any apartment owners only pursuant to an amendment of this Declaration, duly executed by or pursuant to the affirmative vote of all apartment owners, which vote shall not be unreasonably withheld, and accompanied by the written consent of the holders of first mortgage liens affecting any of the apartments, and in accordance with complete plans and specifications therefor first approved in writing by the Board, and promptly upon completion of such restoration, replacement or construction, the Association shall duly record or file of record such amendment together with a complete set of floor plans of the project as so altered, certified as built by a registered architect or professional engineer; PROVIDED, HOWEVER, that notwithstanding any other provision in this Declaration to the contrary, the owner of an apartment may make any alterations or additions within his or her apartment, including the installation of interior stairways and the roofing and enclosure of the lanai in Unit 1586-A, if the structural integrity of the building is not thereby affected. The Developer or her successor in interest may perform structural alterations and additions to Unit 1586-A for the purpose of completing the flood-retention phase of the project."

July 17, 1987

Real Estate Commission  
Department of Commerce and  
Consumer Affairs  
1010 Richard Street  
Honolulu, Hawaii 96813

Attention: Mr. Calvin Kimura

Re: Property located at 1586 and 1586A Mokulua  
Drive, Kailua, Hawaii (condominium conversion)

Gentlemen:

The undersigned, based upon a report prepared by Richard S. Osato, a registered Hawaii engineer, states that the present condition of all and building structural components and installations material to the use and enjoyment of the subject condominium are satisfactory. The undersigned makes no representations in regard to the expected useful life of each item reported above. The undersigned has no knowledge of any outstanding notices of uncured violations of building code or other municipal regulations.

Very truly yours,

  
Cynthia Thielen

July 16, 1987

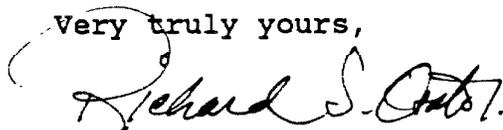
Ms. Cynthia Thielen  
222 Merchant Street  
Honolulu, Hawaii 96813

Re: Property located at 1586 and 1586A Mokulua  
Drive, Kailua, Hawaii (condominium conversion)

Dear Ms. Thielen:

I have reviewed the plans and have inspected the buildings located at the subject property, which you plan to convert to condominium status. The buildings were constructed in 1944 and 1963 and are approximately 43 years old and 24 years old, respectively. The present use of the two structures is single family living units. The present condition of the building components material to the use and enjoyment of the condominium is satisfactory. Installations which are capable of visual inspection without removing walls or making other alterations of the buildings, and judging from the inspection of the readily accessible installations, I feel that the present condition of the installations material to the use and enjoyment of the condominium are satisfactory.

Very truly yours,



Richard S. Osato  
Registered Professional Architect  
Hawaii No. 4824

BUILDING DEPARTMENT  
**CITY AND COUNTY OF HONOLULU**

HONOLULU MUNICIPAL BUILDING  
650 SOUTH KING STREET  
HONOLULU, HAWAII 96813

FRANK F. FASI  
MAYOR



HERBERT K. MURAOKA  
DIRECTOR AND BUILDING SUPERINTENDENT

Ex87-75

June 3, 1987

Mr. Alfred M. K. Wong  
Suite 1400  
Grosvenor Center  
733 Bishop Street  
Honolulu, Hawaii 96813

Dear Mr. Wong:

Subject: Condominium Conversion Project  
1586 and 1586 A Mokulua Drive  
Tax Map Key: 4-3-1: 12

This is in reply to your letter dated May 18, 1987 requesting confirmation that the one-story and two-story single-family dwellings located at 1586 and 1586 A Mokulua Drive met all code requirements at the time of construction.

Investigation revealed that the one-story single-family dwelling met code requirements when it was constructed in 1944. The two-story building met code requirements when it was constructed in 1963 as a guest quarters. Subsequently, Ohana Building Permit No. 211524 dated August 5, 1985 was issued for the two-story building as a single-family dwelling.

No variances or special permits were granted to allow deviations from any codes.

EXHIBIT "D"

COMMON ELEMENTS

Paragraph 5 of the Declaration provides as follows:

"5. Common Elements. The common elements for the project will include the limited common elements described in Paragraph 6 below and all other portions of the land and improvements, excluding those areas and items defined as a part of an apartment in Paragraph 4 above. The common elements shall also include the following:

(5.01) Said land in fee simple.

(5.02) Any and all apparatus and installations of common use, including all sewer lines, electrical equipment, pipes, wiring, and all other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use."

LIMITED COMMON ELEMENTS

Paragraph 6 of the Declaration provides as follows:

"6. Limited Common Elements. Certain parts of the common elements, herein called and designated "limited common elements", are hereby 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:

(6.01) Area A, containing approximately 8,388 square feet, as shown on said Condominium Map, shall be appurtenant to and for the exclusive use of the owner of Unit 1586.

(6.02) Area B, containing approximately 4,039 square feet, as shown on said Condominium Map, shall be appurtenant to and for the exclusive use of the owner of Unit 1586-A.

(6.03) The cement masonry unit wall separating Area A and Area B shall be appurtenant to and for the exclusive use of Unit 1586. The boundary line between Area A and Area B shall be on the Area B side of the wall. The wall is situated entirely in Area A.

Each owner shall be responsible for the maintenance, repair and replacement of the limited common elements appurtenant to his or her unit."

ENCUMBRANCES AGAINST TITLE

1. For taxes that are due and owing, reference is made to the Office of the Tax Assessor, First Taxation Division.  
Tax Key: 4-3-001-012 (1)

2. IMPROVEMENT ASSESSMENT: LANIKAI SEWERS

DISTRICT NO. 254

LOT NO. 48

PAYABLE	:	20	installments	
BALANCE	:	\$960.00		
INSTALLMENT NO. 9	:	\$ 80.00		
INTEREST 6.5%	:	\$ 62.40		
TOTAL	:	\$142.40	Due: 2/27/88	

3. GRANT

TO : HAWAIIAN ELECTRIC COMPANY, INC. and HAWAIIAN TELEPHONE COMPANY

DATED : July 9, 1963

FILED : Land Court Document No. 312864

GRANTING : a perpetual right and easement to build, construct, reconstruct, rebuild, repair, maintain and operate pole and wire lines and/or underground power lines, etc. for the transmission and distribution of electricity

4. MORTGAGE

MORTGAGOR : CYNTHIA HENRY THIELEN, unmarried

MORTGAGEE : CITY AND COUNTY OF HONOLULU, a municipal corporation, corporate and politic of the State of Hawaii, by and through the DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

DATED : December 18, 1984

FILED : Land Court Document No. 1275257

AMOUNT : \$10,000.00

5. **ADDITIONAL CHARGE MORTGAGE**

**MORTGAGOR** : CYNTHIA HENRY THIELEN, unmarried  
**MORTGAGEE** : CITY AND COUNTY OF HONOLULU, a municipal corporation, corporate and politic of the State of Hawaii, by and through the DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
**DATED** : June 14, 1985  
**FILED** : Land Court Document No. 1306325  
**AMOUNT** : \$10,000.00

Being an additional charge to that certain Mortgage set forth as Encumbrance No. 4

By SUBORDINATION AGREEMENT dated May 12, 1987, filed as Land Court Document No. 1462950, said above mortgage was subordinated to the lien of that certain mortgage filed as Land Court Document No. 1462949.

6. **MORTGAGE**

**MORTGAGOR** : CYNTHIA HENRY THIELEN, unmarried  
**MORTGAGEE** : BANK OF HAWAII, a Hawaii corporation  
**DATED** : May 7, 1987  
**FILED** : Land Court Document No. 1462949  
**AMOUNT** : \$185,000.00

The Developer has also filed the following:

7. Declaration of Horizontal Property Regime Under the Horizontal Property Act dated July 15, 1987, filed on July 17, 1987 in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1480190.
8. By-Laws of the Association of Apartment Owners of Lanikai Place dated July 15, 1987, filed on July 17, 1987 in said Office of the Assistant Registrar as Document No. 1480191.
9. Condominium Map No. 635 filed on July 17, 1987 in said Office of the Assistant Registrar.

WARRANTIES

Paragraph G.14. of the Sales Contract provides as follows:

"14. ACCEPTANCE OF APARTMENT; BUILDING NOT NEW; NO WARRANTIES. Buyer accepts the Apartment listed on page 1 hereof and the common elements in an "as is" condition. Buyer acknowledges that Unit 1586 was constructed in 1944, that Unit 1586-A was constructed in 1963, and that subsequently Ohana Building Permit No. 211524 dated August 5, 1985 was issued for Unit 1586-A. Buyer further acknowledges that Buyer has had an opportunity to inspect the Apartment and common elements and that the purchase price takes into consideration the fact that Unit 1586 is approximately 43 years old, Unit 1586-A is approximately 24 years old, and fixtures and appliances are not new. SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE APARTMENT, COMMON ELEMENTS, APPLIANCES, FURNISHINGS OR OTHER PRODUCTS, OR ANYTHING INSTALLED IN OR UPON THE PREMISES OR USED IN CONNECTION WITH THE PROJECT IN ANY MANNER, INCLUDING BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR PURPOSE OR USE."

## SUMMARY OF SALES CONTRACT PROVISIONS

The Deposit Receipt and Sales Contract (the "Sales Contract") used in connection with the project contains, among other things, acknowledgments by each Purchaser: (i) that time is of the essence in the Sales Contract, and if Purchaser fails to perform any obligations required in the Sales Contract, the Developer may, upon written notice of 5 days, terminate the Sales Contract and keep all sums previously paid by Purchaser as liquidated damages; (ii) that the project and the apartment and anything installed or contained therein are being sold on an "AS IS" basis, without any warranties, express or implied; (iii) that all interest on deposits in Escrow belong to Seller; and (iv) that paragraph G.7. pertaining to closing costs and expenses of sale, provides as follows:

"7. CLOSING COSTS; EXPENSES OF SALE. Buyer further agrees to pay, at the time of pre-closing, Buyer's notary fees, all recording fees, cost of credit report, cost of preparing note(s) and mortgage(s), if any, loan finance fees, the cost of any required title insurance and one-half (1/2) of the escrow fee. Seller shall pay for the cost of preparing the deed, conveyance tax, evidence of title, Seller's notary fees, and one-half (1/2) of the escrow fee."

Purchaser is cautioned that this is a brief summary of the Sales Contract and Purchaser should carefully read the Sales Contract for Purchaser's rights and obligations therein.

SUMMARY OF ESCROW AGREEMENT PROVISIONS

Among other provisions, the Escrow Agreement provides as follows:

"4. A Purchaser shall be entitled to a refund of his or her funds, and Escrow shall pay said funds to said Purchaser, without interest if Purchaser shall in writing request refund of his or her funds and any one of the following shall have occurred:

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

(b) If a Purchaser'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

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

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

(e) If there is a material change in the Project which directly, substantially and adversely affects the use or value of (1) such Purchaser's apartment or appurtenant limited common elements, or (2) those amenities of the Project available for such Purchaser's use, unless the Purchaser has waived his or her rights of rescission in writing.

Upon refund of said funds to Purchaser as aforesaid, Escrow shall return to Developer such Purchaser's Sales Contract and any apartment deed theretofore delivered to Escrow, and thereupon Escrow shall have no further obligations hereunder with respect to said Purchaser."