



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

CONDOMINIUM PUBLIC REPORT

on

PEARL HORIZONS, PHASE IIIA
 98-640 Moanalua Loop
 Aiea, Hawaii

Registration No. 1878

Issued: May 8, 1989
 Expires: November 8, 1989

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of May 1, 1989, 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: 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.
 (yellow)

 FINAL: The developer has legally created a condominium and has filed complete information with the Commission.
 (white)

No prior reports have been issued
 Supersedes all prior public reports
 Must be read together with _____

 SECOND
 X **SUPPLEMENTARY:** Updates information contained in the
 (pink)

Prelim. Public Report dated _____
 Final Public Report dated November 28, 1988
 Supp. Public Report dated March 16, 1988

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.

[X] Changes made are as follows:

The Declaration of Horizontal Property Regime dated April 29, 1988 and the Condominium File Plan No. 1153 were amended by Second Amendment to Declaration of Horizontal Property Regime. See page 7 of this Report for the recording information.

The Second Amendment reflects the addition of one (1) parking stall, available for purchase, for a total of forty-nine (49) parking stalls. In addition, thereto, it is anticipated that the recreation area will be constructed with Phase II, if built. See paragraph K of this Report for additional information.

The Third Amendment reflects the changes of undivided percentage interest in Type D, D-R, F, F-R, H and H-R respectively.

The Developer reports a change in the Managing Agent to Frank Hinshaw, Ltd. and a change in the schedule of maintenance fees and maintenance fee disbursements. See Exhibit F.

Except for the changes noted above, all of the information provided in the Final Public Report dated November 28, 1988, remains unchanged.

```
*****
*                                                                 *
*                                                                 *
*                               SPECIAL ATTENTION                    *
*                                                                 *
*   The developer has disclosed the following:                       *
*                                                                 *
*   1. It has reserved the right to merge this condominium with other *
*      phases of Pearl Horizons. This merger may affect the purchaser's *
*      present appurtenant common interest with a resultant decrease.  *
*      (See pages 17, paragraph K and page 18.)                        *
*                                                                 *
*   2. It makes no warranties as to the building and other improvements *
*      but will forward the Buyer written notice of any defects found  *
*      within the two year period after date of substantial completion  *
*      to the contractor for correction. (See Exhibit "G".)          *
*                                                                 *
*   The prospective purchaser is cautioned to carefully review the documents *
*   for further information with regard to the foregoing.            *
*                                                                 *
*****
```

TABLE OF CONTENTS

	page
Report Purpose	1
Type of Report	1
Summary of Changes from Earlier Public Reports	2
Table of Contents	3
General Information on Condominiums	4
Summary of the Condominium Project	5
I. PEOPLE CONNECTED WITH THE PROJECT	6
Developer	Managing Agent
Real Estate Sales Agent	Attorney for Developer
Escrow Company	
II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS	
A. Declaration	7
B. Condominium Map (File Plan)	7
C. Bylaws	7
D. House Rules	8
E. Changes to Condominium Documents	8
III. THE CONDOMINIUM PROJECT	
A. Interest to be Conveyed to Buyer	9
B. Underlying Land	10
C. Buildings and Other Improvements	10
D. Common Elements, Limited Common Elements, Common Interest	14
E. Encumbrances Against Title	15
F. Management of the Common Elements	15
G. Maintenance Fees	16
H. Utility Charges	16
I. Construction Warranties	16
J. Status of Construction	17
K. Project Phases	17
L. Sales Documents Filed with the Real Estate Commission	17
IV. ADDITIONAL INFORMATION NOT COVERED ABOVE	18
Buyer's Right to Cancel Sales Contract	19
Signature of Real Estate Commission Chairman	20
EXHIBIT A: Developer's Reserved Rights	
EXHIBIT B: Boundaries of Each Apartment	
EXHIBIT C: Common Elements	
EXHIBIT D: Limited Common Elements and Parking Schedule (Revised)	
EXHIBIT E: Encumbrances Against Title	
EXHIBIT F: Schedule of Maintenance Fees and Maintenance Fee Disbursements (Revised)	
EXHIBIT G: Construction Warranties	
EXHIBIT H: Summary of Provisions of the Sales Contract	
EXHIBIT I: Summary of Provisions of Escrow Agreement	
EXHIBIT J: List of Apartments and Types	

GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's "*Condominium 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 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

Interest to be Conveyed to Buyer:

- Fee simple interest in an apartment and an undivided feehold interest in the common elements.
- Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
- Fee simple interest in an apartment and an undivided leasehold interest in the common elements.

Types 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 (See Exhibit "J" for list of apartment numbers and apartment types.)

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Lanai/Patio (sf)	Total (sf)
D	6	2/1-1/2	858.42	129.96	988.38
D-R	6	2/1-1/2	858.42	129.96	988.38
F	6	2/1-1/2	860.85	56.31	917.16
F-R	6	2/1-1/2	860.85	56.31	917.16
H	6	2/1-1/2	917.16	0	917.16
H-R	6	2/1-1/2	917.16	0	917.16

Total Apartments: 36

**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)	<u>36</u>
Guest Stalls	<u> </u>
Unassigned Stalls	<u> </u>
Extra Stalls Available for Purchase	<u>13</u>
Other: _____	<u> </u>
Total Parking Stalls	<u>49</u>

7. Recreational amenities:

None in this phase, but see additional information on page 17, paragraph K.

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: PEARL HORIZONS ASSOCIATES Phone: 839-7241
Name 1062 Kikowaena Place (Business)
Business Address
Honolulu, Hawaii 96819

Names of officers or general partners of developers who are corporations or partnerships:

Waimalu Venture, a registered Hawaii general partnership

Pearl Sun Associates, a registered Hawaii limited partnership

Pearl Hui, a Hawaii general partnership

Real Estate Sales Agent: Pete Kimura Realty Phone: 536-6222
Name 535 Ward Avenue, Suite 210 (Business)
Business Address
Honolulu, Hawaii 96814

Escrow: Security Title Corporation Phone: 521-9511
Name 1001 Bishop Street, Suite 1200 (Business)
Business Address
Honolulu, Hawaii 96813

Managing Agent: Frank Hinshaw, Ltd. Phone: 533-1677
Name 1360 S. Beretania Street, Suite 304 (Business)
Business Address
Honolulu, Hawaii 96814

Attorney for Developer: Tkazaki, Devens, Lo, Youth & Nakano Phone: 521-1456
(Attn.: James H. Q. Lee, Esq.)
Name 220 S. King Street, Suite 1600
Business Address
Honolulu, Hawaii 96813

**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 Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

- A. **Declaration of Condominium 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 22292 Page 474
 Filed - Land Court - Document Number _____

Amendment date(s) and recording/filing information:

First Amendment dated September 21, 1988, recorded in Liber 22434 at Page 327.
Second Amendment dated February 23, 1989, recorded in Liber 22896 at Page 719.
Third Amendment dated March 8, 1989, recorded in Liber 22985 at Page 518.

- 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. 1153
 Filed - Land Court Condo Map No. _____

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 22292 Page 546
 Filed - Land Court - Document Number _____

Amendment date(s) and recording/filing information:

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.

- 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 common interest which 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>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	---	<u>65%</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:

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

B. Underlying Land:

Address: 98-640 Moanalua Loop Tax Map Key: 9-8-13-30
Waimalu, Oahu, Hawaii (TMK)

Address TMK is expected to change because _____

Land Area: 43,996 square feet acre(s) Zoning: A-1 (low density apartment)

Fee Owner: Pearl Horizons Associates

Name
1062 Kikowaena Place

Address
Honolulu, Hawaii 96819

Sublessor: _____

Name

Address

C Buildings and Other Improvements:

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

2. Buildings: one Floors Per Building 3

Exhibit _____ contains further explanations.

3. Principal Construction Material:

Concrete Hollow Tile Wood

Other _____

4. Permitted Uses:

	<u>No. of Apts.</u>		<u>No. of Apts.</u>
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Industrial	_____
<input checked="" type="checkbox"/> Residential	<u>36</u>	<input type="checkbox"/> Agricultural	_____
<input type="checkbox"/> Timeshare/Hotel	_____	<input type="checkbox"/> Recreational	_____
<input type="checkbox"/> 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 or rabbits

Number of Occupants: Four (4) if non-family and not more than six (6) if family

Other: _____

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Total Apartments 36

Elevators 0 Stairways 3 Trash Chutes yes

(See Exhibit "J" for list of apartment numbers and apartment types.)

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>	<u>Total</u>
D	6	2/1-1/2	858.42	129.96	988.38
D-R	6	2/1-1/2	858.42	129.96	988.38
F	6	2/1-1/2	860.85	56.31	917.16
F-R	6	2/1-1/2	860.85	56.31	917.16
H	6	2/1-1/2	917.16	0	917.16
H-R	6	2/1-1/2	917.16	0	917.16

*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.

Boundaries of Each Apartment:

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

Permitted Alterations to Apartments; No alterations or additions to any apartment which is visible from the exterior of the apartment nor any alterations or additions to the common elements may be made without the prior approval of the Board or Association.

7. Parking Stalls:

Total Parking Stalls: 49

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)		23		13			36
Guest Unassigned							
Extra Available for Purchase		6		7			13
Other:							
Total Covered & Open	29		20				

Each apartment will have the exclusive use of at least 1 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

Commercial parking garage permitted in condominium project.

Exhibit A contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities.

There are no recreational or common facilities. But see additional information on page 17, paragraph K.

Swimming pool Storage Area

Recreation Area Laundry Area

Tennis Court Trash Chute

Other: _____

9. Present Condition of Improvements Not applicable
 (For conversions of residential apartments in existence for at least five years):

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

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

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:

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	<u> X </u>	<u> </u>	<u> </u>
Structures	<u> X </u>	<u> </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </u>

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 C describes the common elements.

As follows:

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 D

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:

<u>Type</u>	<u>Undivided Percentage Interest</u>
D	2.917, except Apt. 1020, which has 2.918
D-R	2.917, except Apt. 1042, which has 2.918
F	2.708, except Apt. 2020, which has 2.709
F-R	2.708, except Apt. 2043, which has 2.709
H	2.708
H-R	2.708

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

Exhibit E describes the encumbrances against the title contained in the title report dated October 4, 1988, and issued by First American Title Insurance Co. .

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	Liens will be released prior to conveyance to buyer.

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:

[X] not affiliated with the Developer.

[] the Developer or the Developer's affiliate.

[] self-managed by the Association of Apartment Owners.

[] other _____

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 F contains a schedule of maintenance fees and maintenance fee disbursements.

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 checked="" type="checkbox"/> Water & Sewer |
| <input type="checkbox"/> Other _____ | |
| <input type="checkbox"/> Not applicable | |

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:

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

2. Appliances:

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

J. Status of Construction and Estimated Completion Date:

Construction of Phase IIIA is scheduled to begin sometime in 1988 and will require six to eight months to complete.

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: Phase I, consisting of two separate three-story buildings containing 90 apartments have been completed. Phase IIIA will consist of one three-story building containing 36 apartments. Upon the completion of Phase IIIB, Phase I and IIIA will be merged or consolidated with Phase IIIB. Upon the completion of Phase II, Phase I, Phase IIIA, Phase IIIB will be merged with Phase II. The plans for Phase II have not been finalized. It is anticipated that Phase IIA will contain the recreational area for the Pearl Horizons project consisting of a sauna, swimming pool, men's and women's exercise facilities, manager's office and barbecue area. Upon such merger or consolidation, all apartment owners in the Pearl Horizons Condominium Project shall have the right to use and enjoy the recreational facilities. In the event the recreational facilities are completed prior to the completion of Phase IIA, all apartment owners in the Pearl Horizons Condominium Project shall have the right to use the recreational facilities prior to any merger or consolidation of the phases, provided that the condominium associations agree to pay for their proportionate cost of maintaining the recreational facilities. Developer is under no obligation to develop any phase subsequent to this phase, and any rights reserved to Developer, including easements, to develop future increments shall terminate after December 31, 1993.

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 H contains a summary of the pertinent provisions of the sales contract.

Escrow Agreement dated August 4, 1987

Exhibit I contains a summary of the pertinent provisions of the escrow contract.

Other _____

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

Developer has reserved the right to merge or consolidate this condominium with Pearl Horizons, Phases I, IIA, IIB and IIIB. Phase I, consisting of two separate three-story buildings containing 90 apartments, has been completed. Phase IIIA will consist of one three-story building containing 36 apartments. Phase IIIB, if built, will consist of two separate three-story buildings containing a total of 66 apartments. The developer will not consolidate any completed phase of the project with any undeveloped property.

Upon such merger or consolidation of any or all of the completed phases with this condominium, the common areas of the merged or consolidated phases shall be for the joint use of all owners of the merged or consolidated apartments. The apartment owner's percentage of undivided interest in the common elements will be revised upon such merger or consolidation. The apartment owner's revised percentage of undivided interest in the common elements will be calculated by dividing the total floor area of all apartments (including lanais) by the total floor area of all apartments in the merged or consolidated phases. It is expected that the percentage common element interest for the apartment will decrease.

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 Condominium 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. 1878 filed with the Real Estate Commission on
August 20, 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.



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

EXHIBIT "A"

DEVELOPER RESERVED RIGHTS

1. Developer shall have the right to amend the Declaration to add, delete, relocate, realign, reserve and grant all easements and right-of-ways and to otherwise make alterations in and use the common elements for the development and construction of additional phases, and to designate additional limited common elements for use of the subsequent phases, including but not limited to, easements and right-of-ways for utilities, cesspools, sanitary and storm sewers, sewage treatment plants, refuse disposal, driveways, parking areas and roadways.
2. Developer shall have the right to amend the Declaration and the Condominium Map to merge or to consolidate phases in the Pearl Horizons project.
3. Developer shall have the right to amend the Declaration, By-Laws and Apartment Deed, as may be required by law, any title insurance company, or any institutional mortgagee or as may be required to effect Developer's phase development of the project.

EXHIBIT "B"

BOUNDARIES OF EACH APARTMENT

The respective residential apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or of the interior load-bearing walls, the floors and perimeter ceilings surrounding each apartment, or any pipes, wires, ducts, conduits, or other utility or service lines running through such apartments which are utilized for or serve more than one apartment, all of which are common elements. Each residential apartment shall be deemed to include the walls and partitions which are not load-bearing and which are within its perimeter walls, doors and door frames, windows and window frames, the inner decorated or finished surfaces of walls, floors and ceilings, adjoining and connected thereto, and all fixtures originally installed therein.

Notwithstanding the designation of the limits of the apartments, the net area of each respective residential apartment as enumerated herein include lanais, if any, and is measured from the interior face of the apartment perimeter walls, and the interior face of party walls, and no reduction is made to account for interior load-bearing walls, ducts, vent shafts and the like, located within the perimeter walls.

EXHIBIT "C"

COMMON ELEMENTS

1. Said land in fee simple.
2. All foundations, columns, girders, beams, supports, unfinished perimeter, party and load-bearing walls, roofs, stairs and stairways, entrances and exits of said buildings.
3. All driveways, sidewalks, parking areas, yards, gardens, trash areas, loading zones and recreational facilities, storage spaces, a manager's office, a guard house and a cook-out area, if any.
4. All ducts, sewer lines, electrical equipment, pipes, wiring and other central and appurtenant transmission facilities, installations which serve more than one apartment for services such as power, light, water, gas, refuse, telephone, radio and television signal distribution.
5. All tanks, pumps, motors, fans, compressors, ducts, and, in general, all apparatus and installations existing for common use.
6. Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence, maintenance or safety, and normally in common use.

EXHIBIT "D"

LIMITED COMMON ELEMENTS

1. One (1) automobile parking stall shall be assigned to each of the residential apartments except Apartment No. 2038, which shall have assigned to it an additional thirteen (13) parking stalls, for a total of fourteen (14) parking stalls, upon the original conveyance thereof and shall be appurtenant to and for the exclusive use of each such apartment. There are two types of parking stalls designated as regular and compact. The parking stalls are numbered consecutively and are designated on said Condominium Map with the letter C if they are compact. There is no letter designation for the regular stalls. Seventeen (17) of the parking stalls are compact, each containing an area of approximately 120 square feet and thirty-two (32) of the parking stalls are regular, each containing an area of approximately 161.50 square feet. Any parking space easement appurtenant to a residential apartment may be transferred from residential apartment to residential apartment in the Project by way of amendment to the Declaration and as provided in Section 514A-14, HRS.

2. Entry patios, porches, decks and steps and entry walkways and stairways which would be used only for the purposes of ingress to and egress from a particular apartment shall be appurtenant to and for the exclusive use of said apartment.

3. Each of the ground floor apartments designated as D or D-R type apartments shall have exclusive use of the rear yard areas situated immediately outside of their lanais. The owners of these units shall have the right to erect a fence not exceeding six (6) feet in height extending from the middle of the dividing walls of their apartments to the boundary of the rear yard area to enclose such area. All fences must be first approved by Developer or the Board of Directors of the Association of Apartment Owners. The apartment owners shall be responsible for maintaining such rear yard area.

4. All other common elements of the Project which are rationally related to less than all of said apartments shall be limited common elements appurtenant to the apartments to which they are so related.

EXHIBIT "D"

<u>Apartment No.</u>	<u>Type</u>	<u>Parking Stall No.</u>
1020	D	194
1022	D-R	195
1024	D	196
1026	D-R	198
1028	D	201A
1030	D-R	205
1032	D	206
1034	D-R	209
1036	D	215
1038	D-R	216
1040	D	218
1042	D-R	219
2020	F	188C
2021	H	189C
2022	H-R	191C
2023	F-R	192C
2024	F	193C
2025	H	197
2026	H-R	199
2027	F-R	200C
2028	F	201C
2029	H	202
2030	H-R	203
2031	F-R	204
2032	F	207
2033	H	208
2034	H-R	209A
2035	F-R	210
2036	F	211C
2037	H	212C
2038	H-R	213C
2039	F-R	214C
2040	F	217
2041	H	220
2042	H-R	221C
2043	F-R	222C

Thirteen (13) additional parking stalls are assigned to Apartment No. 1030 as follows:

186C, 187C, 224C, 225C,
 180, 181, 182, 183, 184, 185
 190C, 223C, 205AC

EXHIBIT "E"

ENCUMBRANCES AGAINST TITLE

(1) Real Property taxes as may be due and owing. For further information on taxes, check with the Finance Director, City and County of Honolulu.

(2) Reservation in favor of the State of Hawaii of all mineral and metallic mines.

(3) An easement (50 feet wide) for electrical purposes, in favor of HAWAIIAN ELECTRIC COMPANY, LIMITED, as shown on survey map dated January 20, 1984, by Harry K. Matsuo, Registered Professional Surveyor, Certificate Number 2717.

(4) The terms and provisions of that certain Lease of Right-of-way dated July 5, 1941, recorded in the Bureau of Conveyances of the State of Hawaii in Liber 1657 at Page 225, made by and between A. LESTER MARKS, Executor, and BISHOP TRUST COMPANY, LIMITED, Administrator with the will annexed, of the Estate of LINCOLN LOY McCANDLESS, deceased, as Lessors, and THE HAWAIIAN ELECTRIC COMPANY, LIMITED, a Hawaiian corporation, as Lessee(s), for a term beginning with the date hereof and ending on the 31st day of December, 1965. Said lease demises a right and easement to build, etc., pole and wire lines, etc., as may be necessary for the transmission of electricity to be used for light and power and/or telephone, etc., along, across and over the land herein described; as extended by instrument dated October 27, 1965, recorded as aforesaid in Liber 5188 at Page 171.

(5) Anchor easement as shown on survey map dated January 20, 1984, by Harry K. Matsuo, Registered Professional Surveyor, Certificate Number 2717.

(6) A 10-foot building setback line, as shown on survey map dated January 20, 1984, by Harry K. Matsuo, Registered Professional Surveyor, Certificate Number 2717.

(7) Conditions set forth in that certain Unilateral Agreement and Declaration for Conditional Zoning dated September 22, 1980, recorded as aforesaid in Liber 15005 at Page 320.

(8) Declaration of Restrictive Covenants dated December 5, 1984, recorded as aforesaid in Liber 18417 at Page 582.

(9) Terms, provisions, agreements and conditions as contained in that certain "Agreement for Issuance of Conditional Permit under Section 4.40-17 of the Land Use Ordinance (LUO)", dated February 9, 1987, recorded as aforesaid in Liber 20541 at Page 266, made by and between PEARL HORIZONS ASSOCIATES, a Hawaii general partnership, as "Declarant", and THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII.

(10) Mortgage dated May 11, 1988, recorded as aforesaid in Liber 21920 at Page 766, made by Pearl Horizons Associates to Great Stone Corporation, a Hawaii corporation.

By Subordination Agreement dated May 11, 1988, recorded as aforesaid in Liber 22272 at Page 764, the foregoing Mortgage was subordinated to the lien of that certain Mortgage herein referred to as Item 8.

(11) Mortgage dated August 10, 1988, recorded as aforesaid in Liber 22272 at Page 771, made by Pearl Horizons Associates to City Bank, a Hawaii corporation.

(12) Financing Statement filed August 23, 1988 in favor of City Bank, recorded as aforesaid in Liber 22273 at Page 1.

(13) Assignment of Sales Agreements and Escrow Agreements and Deposits to City Bank, dated August 10, 1988, recorded as aforesaid in Liber 22273 at Page 42.

(14) Financing Statement in favor of Great Stone Corporation, dated May 12, 1988, recorded as aforesaid in Liber 21920 at Page 793.

(15) The covenants, agreements, obligations, conditions, easements and other provisions as contained in the Declaration of Horizontal Property Regime of "Pearl Horizons, Phase IIIA", dated April 29, 1988, recorded as aforesaid in Liber 22292 at Page 474.

(16) By-Laws of Association of Apartment Owners dated April 29, 1988, recorded as aforesaid in Liber 22292 at Page 546.

ASSOCIATION OF APARTMENT OWNERS
PEARL HORIZONS PHASE IIIA
PROPOSED OPERATING BUDGET 1989

	Monthly Budget	Annual Budget
RECEIPTS		
MAINTENANCE FEES	\$3,780.00	\$45,360.00
INTEREST	0.00	0.00
START-UP FEES	0.00	0.00

TOTAL	\$3,780.00	\$45,360.00
DISBURSEMENTS		
ADMINISTRATION		
SALARIES & WAGES	\$350.00	\$4,200.00
OFFICE	50.00	600.00
MANAGEMENT FEE	375.00	4,500.00
LEGAL	25.00	300.00
AUDIT	100.00	1,200.00
TELEPHONE	40.00	480.00
RESIDENT MGR'S APT	250.00	3,000.00
OPERATING		
ELECTRICITY	150.00	1,800.00
WATER & SEWER	700.00	8,400.00
RUBBISH REMOVAL	200.00	2,400.00
FIRE CONTROL	10.00	120.00
REPAIRS & MAINTENANCE		
CUSTODIAL	10.00	120.00
LIGHTING	10.00	120.00
PLUMBING	10.00	120.00
GROUND MAINTENANCE	15.00	180.00
TOOLS & EQUIPMENT	50.00	600.00
SUPPLIES	50.00	600.00
ELECTRICAL	15.00	180.00
FIXED EXPENSES		
GENERAL EXCISE TAX	5.00	60.00
INCOME TAX	5.00	60.00
HAWAII UNEMPLOYMENT TAX	10.00	120.00
FEDERAL UNEMPLOYMENT TAX	10.00	120.00
FICA'ER	40.00	480.00
INSURANCE - SMP	400.00	4,800.00
INSURANCE - WORKERS COMP	75.00	900.00
INSURANCE - TDI	5.00	60.00
INSURANCE - EMPLOYEE MED	95.00	1,140.00
INSURANCE - OTHER	200.00	2,400.00
AMENITIES		
POOL	0.00	0.00
CABLE TV	0.00	0.00
OTHER - AMENITIES	0.00	0.00

TOTAL DISBURSEMENTS	\$3,255.00	\$39,060.00
RECEIPTS MINUS DISBURSEMENTS	\$525.00	\$6,300.00

The monthly maintenance expense for each apartment type is listed below:

Type D, DR (except apartments 1020 & 1042)	0.02917	\$110.26
Type D, DR apartments 1020 & 1042 only	0.02918	\$110.30
Type F, FR (except apartments 2020 & 2043)	0.02708	\$102.36
Type F, FR apartments 2020 & 2043 only	0.02709	\$102.40
Type H,HR	0.02708	\$102.36

The cash operating budget (pro-rated on a monthly basis) is for one year commencing May 1989. The information contained herein is based on the data available to us at this time.

We certify that the monthly operating costs have been based on generally accepted accounting principles.

April 19, 1989

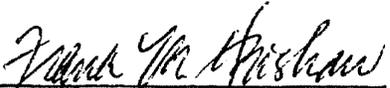
By: 
Frank Hinshaw, President
Frank Hinshaw, Ltd.

EXHIBIT "G"

CONSTRUCTION WARRANTIES

1. Building and Other Improvements:

The Developer anticipates BUT DOES NOT WARRANT that the construction contract with the general contractor for the Project shall contain a warranty clause similar to Section 13.2.2 of AIA Document A201 which generally provides as follows:

If, within two (2) years after the date of substantial completion of the work or designated portion thereof or within two (2) years after acceptance by Seller of designated equipment, any of the work is found to be defective or not in accordance with the contract documents, the contractor shall correct it promptly after receipt of a written notice from Seller to do so unless Seller has previously given the contractor a written acceptance of such condition. Seller shall give such notice promptly after discovery of the conditions.

Developer makes NO WARRANTIES itself but Developer hereby agrees that if Buyer shall give Developer written notice of any such condition promptly after discovery thereof, and during the unexpired term of such contractor's warranty, Developer shall forward such notice together with a written notice to the contractor to correct such condition. THE DEVELOPER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE UNIT, CONSUMER PRODUCTS INSTALLED THEREIN, THE PROPERTY, THE PROJECT, OR ANYTHING INSTALLED THEREIN, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, HABITABILITY, WORKMANLIKE CONSTRUCTION OR FITNESS FOR A PARTICULAR USE.

2. Appliances:

Developer shall attempt to assign to Buyer the unexpired term, if any, of any manufacturer's or dealer's warranties covering any furnishings, fixtures, and appliances in the apartment. Buyer acknowledges that the Developer is only passing through to Buyer any such manufacturer's and dealer's warranties; Developer is not

undertaking to adopt any such warranties or to act as co-warrantor with respect to any furnishings, fixtures or appliances covered by any such manufacturer's or dealer's warranties. The terms of the manufacturer's or dealer's written warranties are available for Buyer's examination at the Developer's sales office.

THE ATTENTION OF THE PURCHASER IS DIRECTED TO PARAGRAPH 21 OF THE SALES CONTRACT (INCORPORATED HEREIN BY THIS REFERENCE) PERTAINING TO THE ABSENCE OF REPRESENTATIONS AND WARRANTIES CONCERNING THE APARTMENT, THE PROPERTY, THE PROJECT.

EXHIBIT "H"

SUMMARY OF PROVISIONS OF THE SALES CONTRACT

The Sales Contract establishes how the proceeds from the sale of apartments are placed in trust, as well as the retention and disbursement of said trust funds.

The specimen Sales Contract specifically provides that Purchaser approves said Escrow Agreement, assumes the benefits and obligations therein provided, that such contract is subordinate to the lien of any construction loan, that Developer makes no warranties with respect to the Project and that the percentage interest in common elements to be conveyed with the apartment is subject to change upon addition of future phases.

EXHIBIT "I"

SUMMARY OF PROVISIONS OF ESCROW AGREEMENT

The Escrow Agreement recites that no purchaser's funds will be utilized by Developer until it is vested with legal title to the property.

Among other provisions, the Escrow Agreement provides that a purchaser shall be entitled to a refund of his funds, and Escrow shall pay said funds to said purchaser, with interest and less Escrow's cancellation fee, if purchaser shall in writing request refund of his funds and any one of the following shall have occurred:

(1) Developer requests Escrow Agent to return to Purchaser the funds of Purchaser then being held hereunder by Escrow Agent; or

(2) Developer notifies Escrow Agent of Developer's exercise of the option to rescind the Sales Contract pursuant to any right of rescission stated therein or otherwise available to Developer; or

(3) 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

(4) If the Final Public Report differs in any material respect from the Preliminary Public Report, unless Purchaser has receipted for the Final Public Report; or

(5) If the Final Public Report is not issued within one year from the date of issuance of the Preliminary Public Report.

Upon the return of such funds to Purchaser, Escrow Agent shall return to Developer Purchaser's Sales Contract any any conveyancing documents theretofore delivered to Escrow Agent; and thereupon Purchaser shall no longer be obligated under the Sales Contract. The Escrow Agreement also contains the following provisions, among others: that the Escrow Agent shall make no disbursements of Purchaser's funds unless and until Developer has acquired title to the real property and Developer has complied with all the provisions of the Escrow Agreement.

EXHIBIT "J"

SCHEDULE OF APARTMENT NUMBERS AND TYPES

<u>Apartment No.</u>	<u>Type</u>
1020	D
1022	D-R
1024	D
1026	D-R
1028	D
1030	D-R
1032	D
1034	D-R
1036	D
1038	D-R
1040	D
1042	D-R
2020	F
2021	H
2022	H-R
2023	F-R
2024	F
2025	H
2026	H-R
2027	F-R
2028	F
2029	H
2030	H-R
2031	F-R
2032	F
2033	H
2034	H-R
2035	F-R
2036	F
2037	H
2038	H-R
2039	F-R
2040	F
2041	H
2042	H-R
2043	F-R